FINANCIAL TIMES

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No. 29,568 — Thursday March 7 1985 — D 8523 B

Promising commercial future for technology, Page 20

World news

Hussein urges progress on peace

King Hussein of Jordan warned that current Middle East peace attempts are a "last chance" to settle the Arab-Israeli conflict.

The King called on the U.S. to support attempts to revive the peace progress after a meeting with Egypt's President Mubarak in the Red Sea resort of Hurghada.

He also gave qualified backing to Egyptian attempts to promote a dialogue between the U.S. and a joint Jordanian-Palestinian delegation. Page 8

Thais attack

Thai troops backed by fighter-bombers and artillery killed more than 60 Vietnamese who, Thai military officials say, overran two hills in the north-east of the country. Page 8

Indian elections

Rajiv Gandhi's Congress (I) party performed less well than expected in the provincial assembly elections. Page 8

Arms accusations

Four Frenchmen were accused in Brisbane, Australia, of conspiring to smuggle arms worth more than $30,000 to French territory, New Caledonia for use against Melanesian rebels. Page 8

Britain makes claim

Britain will file a six-figure claim with Libya as compensation for the death and "loss of career," of Policewoman Yvonne Fletcher, shot and killed outside the Libyan Peoples' Bureau in London in April last year. Page 10

Chief minister held

Norman Saunders, Chief Minister of the British Turks and Caicos Islands in the Caribbean, faces charges in Miami of conspiring to import narcotics into the U.S.

Cabinet resigns

Venezuela's cabinet resigned to give President Jaime Lusinchi freedom to choose a new team, according to Interior Minister Octavio Lepage.

Greek build up

Greece is to purchase 80 combat aircraft from the U.S. and France because of the threat from Turkey, Prime Minister Andreas Papandreou said.

Germans go east

East Germany claimed that more than 20,000 former citizens living in the West have applied to return home, complaining of unemployment loneliness and misery.

Florida execution

John Paul Witt was executed in Florida for the murder of an 11-year old boy. He was the 12th killer to be executed since the state reintroduced the use of the electric chair

Long winded

British Conservative Party MP Ivan Lawrence made the longest continuous speech this century in the House of Commons. He spoke for 4 hours 23 minutes on the subject of water fluoridation. Page 22

Soviet pianist

One of the Soviet Union's top young pianists, Andrei Gavrilov, 29, has asked to stay in Britain with his fourth wife Natasha.

Sofia lights out

Street lighting has been turned off in most of Bulgaria and snack bars in the capital Sofia have been closed because of power shortages.

Blasphemous soles

Egyptian police raided shoe shops and confiscated thousands of pairs of Chinese-made shoes because the word "Allah", Arabic for God, was inscribed on the soles.

Business summary

Enka lifts fibre prices by 5%

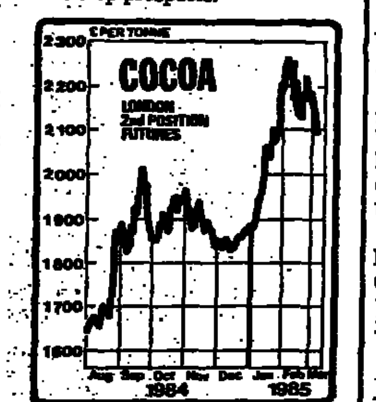
ENKA, Europe's largest producer of synthetic fibres, increased prices to all its European customers by an average of slightly below 5 per cent which could trigger rises by other leading companies. Page 22

WALL STREET: At the close the Dow Jones industrial average was down 11.48 at 1,280.37. Section III

LONDON shares advanced with the FT Ordinary index up 8.4 at 990.4. Gilts were steady. Section III

TOKYO stocks closed higher. The Nikkei Dow market average was up 22.29 at 12,498.87. Section III

COCOA prices fell on the London futures market for the third successive day with the May position ending at £2,087.50 a tonne confirming the view of many traders that underlying market sentiment had changed from bullish to bearish. Dealers said the change was prompted by increased West African shipments, greater availability of nearby supplies and better Brazilian crop prospects.



DOLLAR fell in late London trading, falling to DM 3.38 (DM 3.4335), SwFr 2.8975 (SwFr 2.924) and FFr 10.332 (FFr 10.465). It was slightly firmer at Y261.2 (Y261.0). The dollar's exchange index was calculated too early to reflect the late decline, and was higher at 156.8 from 155.8. Page 45

STERLING improved in London, rising 1.7 cents to close at $1.0725. It was also higher at DM 3.665 (DM 3.6225), SwFr 3.1225 (SwFr 3.0875), FFr 11.2525 (FFr 11.0375) and Y280.25 (Y275.25). The pound's exchange rate index closed down at 70.7 from 70.8. Page 45

GOLD fell $0.75 on the London bullion market to finish at $287.25. It was also lower in Zurich at $287.55. In New York, the Comex April settlement was $292.90 ($287.90). Page 44

MEXICO has speeded up the rate at which the peso is devalued against the dollar for the second time in three months. Page 6

CREDITANSTALT, Austria's largest bank, improved after-tax profits last year from Sch 299.3m to Sch 304.1m ($12.6m). Page 25

SWISS BANK Corporation plans to increase its dividend following record profits last year of SwFr 503m ($172m), a 17.2 per cent increase on 1983. Page 24

DENMARK'S central bank estimates that exchange rate adjustments have added DKr 50bn ($4.1bn) to the country's net foreign debt since 1979. Due largely to the rising value of the dollar the total increased from DKr 185bn to DKr 218bn during 1984. Page 3

VOLKSWAGEN of West Germany, and Seat have reached the final stages in negotiations for the takeover of the Spanish state-owned car group, although financial terms have still to be worked out. Page 23

GULF & WESTERN, U.S. conglomerate, suffered a 9 per cent fall in second quarter income to $46.1m because of doubled interest charge following its acquisition of publisher Prentice-Hall. Page 23

ESSO is to raise the price of petrol in Britain by 5p to 199.6p ($2.135) a gallon. This is the third increase in a month by UK companies, who cite the weakness of sterling against the dollar.

Dollar tumbles after Volcker's new warning

BY STEWART FLEMING IN WASHINGTON AND PHILIP STEPHENS IN LONDON

NERVOUS foreign exchange traders dumped the dollar yesterday in the wake of comments by Mr Paul Volcker, chairman of the Federal Reserve Board, who told a Congressional committee that one of the dangers facing the U.S economy is that the currency could face a "very sharp" decline.

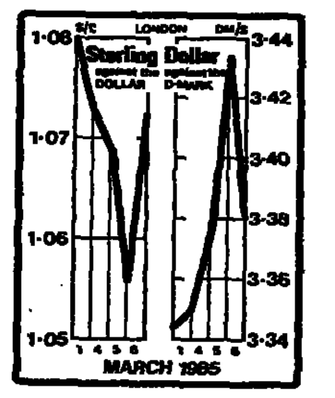
The Fed chairman also said he thinks it "extremely unlikely" that the U.S. can sustain for very long the 6 per cent rate of real growth of gross national product recorded in 1984, adding that he sees "no plausible scenario" for the U.S. to grow out of its budget deficit problems.

Mr Volcker's comments triggered a sharp fall in the dollar's value on foreign exchange markets, with the currency dropping rapidly in what dealers described as chaotic conditions.

They said the Fed chairman's testimony had been widely anticipated in the markets, but none the less sparked a wave of profit taking after the U.S. currency's sharp rise in recent days.

The reaction was exaggerated by memories of the heavy intervention by central banks last week, which had followed a similar dollar decline after Mr Volcker's testimony to the Senate.

The markets were described as highly nervous about the possibility of a further raid by central banks on the dollar, and spreads between buy and sell prices widened to as much as 1 pfennig during yesterday's decline.



Mr Volcker's comments seemed in part designed to reinforce the coordinated intervention by European central banks, but much of what he had to say went over ground he has already covered in public in the past two weeks, and foreign exchange traders said they did not detect heavy official intervention.

In his comments and answers to Congressmen's questions before the House budget committee yesterday Mr Volcker again urged Congress to trim the Federal budget deficit by at least $50bn. He made clear again that he believes inflationary fears could be reignited, particularly by an irresponsible monetary policy, and he refused to give commitments about the future of Fed policy.

Mr Volcker sought to halt speculation in New York's financial markets that the Fed has begun to tighten monetary policy again, although he again underlined that the U.S. central bank has stopped being as accomodative in supplying reserves to the banking system – which some Wall Street analysts would maintain is tantamount to a shift in Fed policy.

He added that he did not know what the next Fed monetary policy move would be and that implications for future policy moves should not be read into his recent comments "because they do not exist."

He urged Congress not to wait until there is a crisis to tackle the budget deficit because then it would be too late. He also repeated his concerns about the dependence of the U.S. economy on an inflow of foreign capital, without which interest rates would be higher, he said.

The U.S. currency closed in London at DM 3.38, 5.35 pfennigs down from Tuesday, while sterling gained 1.7 cents to close at $1.0725. The sterling index, calculated before the dollar's late fall, was 0.1 points lower at 70.7.

Currencies, Page 45

China cuts import duties on electronics components

By Mark Baker in Peking

CHINA is slashing its import duties on a range of electronics components and manufacturing raw materials in an attempt to boost domestic industrial production.

The import duties on microchips and data processing equipment will be cut from 25 per cent to 6 per cent and 9 per cent respectively.

Duties on raw materials, especially those that are scarce within China, will also be cut. The minimum tariffs on pulp and phosphoric acid will be reduced from 7.5 per cent and 30 per cent to 3 per cent.

Duties on machinery, instruments, meters and parts which China either cannot produce or produces in small quantities or of inferior quality are being lowered. The minimum tariff on generators of 300,000 or more kilowatts is being reduced from 10 to 6 per cent.

Other tariff cuts are being implemented in furniture and foodstuffs.

The reductions will apply from next Sunday March 10, according to an announcement yesterday by the General Administration of Customs.

The changes are being made only weeks after the Chinese authorities implemented several hefty rises in duty on imported finished equipment, especially on items required by foreign residents.

There is now 120 per cent duty on imported motor cars, 100 per cent on typewriters and 60 per cent on photocopying machines.

The latest tariff cuts for electronics components are designed to aid China's growing electronics industry and help spread the use of microcomputers in industry, agriculture and scientific research, according to the Customs Administration official.

He said the reductions would keep duty low on materials which involved the latest technology and communications equipment.

The changes will also bring down the prices of imported furniture and foodstuffs, particularly those items required by the tourist industry.

Duties on fish and tropical produce from Third World countries, including dates, bananas and coconuts, will be reduced from 80 per cent to 30 per cent.

The customs official told the official newsagency, Xinhua, that duties would be raised on products which were now being catered for domestically.

He said that in order to encourage exports it was planned to exempt from export duties all but a few commodities.

Engineering technology transfer pact, Page 7; China rejects Sihanouk plan, Page 8

Brussels plans common VAT for EEC states

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission will this year put forward a programme for all EEC member-states to bring in common rates of value added tax (VAT) and excise duties by 1992, in a major initiative to remove remaining barriers to a genuine common market.

In the meantime, it is calling for a standstill in changes to national VAT rates which might otherwise aggravate the differences among the Ten.

The Commission will also propose the creation of a new tribunal to hear complaints against its competition policies so as to shorten the present cumbersome legal process through the European Court of Justice.

These initiatives are outlined in the Commission's annual programme due to be presented to the European Parliament by M Jacques Delors, the Commission President, next week.

The document sets out both the policy priorities and specific objectives of the new Commission in Brussels, with particular emphasis on removing barriers to the internal market, promoting European co-operation in research and high technology, co-ordinating economic policies particularly to tackle unemployment, and developing both regional and environmental policies.

The one key area on which practically nothing of substance is mentioned in the programme is the development of the European Monetary System (EMS) and moves towards monetary union, although it is known to be a top priority for M Delors.

The reason for the lack of emphasis on the EMS is apparently its extreme political sensitivity at the moment. West Germany shows no signs of relaxing its opposition to an expanded role for the European Currency Unit (Ecu) in private transactions, while Britain is still holding out against the inclusion of sterling in the system's common exchange rate mechanism. M Delors, however, is known to remain committed to further progress, and is convinced that he can persuade both Bonn and London to relax their objections.

The proposal for EEC-wide harmonisation of VAT and excise duties is spelt out as a necessary precondition for removing all frontier barriers to the movement of people and goods in the Community.

"Tax controls are one of the main obstacles to the crossing of borders between member-states," the programme says. "What is needed is an exercise similar to that provided in the Treaty of Rome for dismantling tariff barriers."

It adds that political agreement on a standstill in VAT rate changes and excise duty structures is essential to avoid a further widening of the tax gap between member-states.

The proposal for an administra-

Continued on Page 22

EEC car exhaust talks, Page 2

Midland profits fall 40% after losses at Crocker

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MIDLAND BANK, Britain's third largest, said yesterday that its profits plunged by 40 per cent to £135m ($145m) last year because of the huge losses sustained by Crocker National Bank, its California subsidiary.

The 1984 results showed that Crocker's troubles cost Midland £222m in pre-tax earnings, the heaviest blow ever suffered by a British clearing bank.

Midland's profits would have been virtually eliminated but for a gain of £134m which the group made by selling Crocker's headquarters building in San Francisco last autumn.

These results were, however, better than expected in the City of London where predictions lay in the £80m-£100m range. Sir Donald Barron, Midland's chairman, said this was because of "a strong finish to a good year from the UK business and international sectors."

Midland also confirmed that it is holding its dividend at 25.5p even though it is barely covered by profits left after tax and other expenses. Sir Donald said this reflected the board's confidence in the "underlying strength" of the Midland Bank group.

The news did not, however, go down well on the London Stock Exchange, where Midland's shares fell 15p to 345p as analysts questioned some of the accounting Midland had used to achieve its profits figure.

Apart from Crocker, the Midland Bank group showed better results. Non-Crocker profits were up by 48 per cent to £357m, with virtually all members of the group except for Samuel Montagu, the merchant banking subsidiary, raising profits.

Domestic banking in the UK improved despite the effects of unemployment and strikes, and Mr Geoffrey Taylor, the group chief executive, claimed considerable success for new Midland retail products like high interest accounts and free banking.

Lex, Page 22; Details, Page 27

Trinidad to shake out sugar industry

BY CANUTE JAMES IN KINGSTON

THE TRINIDAD and Tobago Government is to dismiss half the 10,000 workers in its largest sugar company this year and another 3,000 later, as part of a major shake-up of the financially troubled industry.

The sackings, announced by Mr Ronald Williams, minister for state enterprises, are a stark illustration of the financial problems facing most sugar-producing countries in the Caribbean because of the continuing chronic surplus in the world market.

They are designed to make the company, Caroni, self-supporting and to force it to concentrate on producing for the domestic market. Redundancy payments will cost about $165m.

Trinidad and Tobago's sugar output has been falling steadily over the past five years, and the industry needed a Government subsidy of $128m last year to stay afloat. Production costs have doubled since 1982 and now total $1,660 per tonne, more than 14 times the free market price.

As a result of the drop in production, the country has recently had trouble meeting its export quotas under guaranteed purchase arrangements with the EEC and the U.S. Domestic demand alone amounts to 100,000 tonnes, compared with production of only 64,000 tonnes last year.

Continued on Page 22

"King Sugar is dead," Page 44

British white goods group Servis fails

BY IAN RODGER IN LONDON

SERVIS, a British maker of domestic appliances, has collapsed, threatening up to 2,000 jobs.

The company, which was rescued three years ago, has been in financial difficulty for some time. The demand for washing machines, Servis's main product, has been buoyant, but trading conditions are difficult because of severe competition in the industry.

The company said in a statement: "We regret that in the light of the financial position, we have had no alternative but to request the bankers to appoint the receiver-managers."

Mr John Thompson of the accounting firm Cork, Gully, who has been appointed receiver, said Servis was continuing to trade and that negotiations were under way to try to sell off parts of the business. "We are reviewing the situation to see what we can save and for how long while we look around for buyers," Mr Thompson said.

Industry sources said that Servis might well be of interest to a European appliance maker interested in enlarging its UK market presence.

Servis was one of the leading suppliers of the traditional two-tub washing machines. In 1978, it was one of the first companies to introduce an automatic washing machine with microprocessor controls, the Quartz. The company, however, has never been able to achieve a large share of the automatic market which now accounts for the vast majority of sales.

Servis was originally part of the Wilkins & Mitchell engineering group. When the latter ran into liquidity problems in 1982, partly because of difficulties at Servis, the appliance maker was rescued by Centreway Industries, which took a 50 per cent stake. Former W & M shareholders hold the rest.

Centreway injected £750,000 ($795,000) in equity and loans into Servis in 1983 but also tried unsuccessfully to arrange for the company to raise further funds through a rights issue. Last November, Centreway said it had received a number of approaches, that might lead to the sale of Servis.

Europe's home appliance battle, Page 10

Indesit seeks a partner

By Alan Friedman in Milan

INDESIT, Italy's second largest manufacturer of white goods after Electrolux-Zanussi, is in talks with General Electric, Westinghouse, Whirlpool and two Italian competitors regarding prospects for an outside share participation. The object of the talks is to find a partner to inject capital into Indesit and join with it to strengthen Indesit's position in the European market.

The Turin-based company, which is particularly strong in the UK and French markets, was in court-appointed receivership until 1983, when it made a loss of L23bn ($10.7m). The loss, which was struck on turnover of L302bn, was caused mainly by problems on the television and electronics side and by a L14bn extraordinary debit related to its emergence from two years of receivership.

Sig Mario Nobili, Indesit's chairman, said yesterday that he was convinced of the need for his company "to prepare for the rationalisa-

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Paul Cheeseright in Brussels examines the ramifications of efforts to curb air pollution

High stakes in EEC talks on car exhaust

THREE-WAY catalytic converters, emission controls, strict values, U.S. standards, lean burn—the jargon and the technology of car exhausts today becomes the stuff of diplomacy as European Community Environment Ministers meet in Brussels.

What they decide or, more likely, disagree about, will be moves intended to make a significant contribution towards cleaning up the air and reducing the danger of acid rain that has decimated forests in West Germany and elsewhere in Europe. Such moves will also affect countless family decisions about buying new cars and, in turn, will settle the immediate market prospects for the car industry with ripple effects into job prospects, steel prices and economic forecasts.

Failure to settle new exhaust standards and a timetable to bring them into effect could split the EEC motor market. It could provide car buyers in one part of the market with incentives to buy that are not available elsewhere.

A breakdown of the meeting could pitch West Germany into an open, as opposed to suppressed, row with the other Nine about the ability of one country to act against the opposition of the others. It could take the European Commission, as guardian of the Treaty of Rome, into open conflict with Germany at the European Court of Justice.

The stakes are high and, said a German diplomat in a careful way, the margin for compromise is rather small.

What is at issue is whether there should be a rush to adopt new car exhaust standards based on the pattern already adopted in the U.S. and Japan, or whether there should be a more gradual approach.

Do it the quick way—the German way—and all cars will have to be fitted with a three-way catalytic converter to cut noxious car exhausts. Do it the gradual way—the British, French and Italian way—and there is the opportunity to use other newer technologies for the same end like the lean burn engine.

The advantage of the catalytic converter is that it is available. It provides an immediate answer, in the German view, to cutting down the pollution which may contribute to the acid rain which wrecks the forests.

The disadvantage is that it costs £500 a car, plus the costs of fuel injection facilities, plus £90 a year for the car owner to maintain, and the life of the device is only about four years. Apart from all this, says the *anti-converter school of thought*, it will distract the car industry from investing in the development of new and better technology only just around the *corner — the lean burn engine.*

But West Germany wants action on car exhausts and it wants it now. The Greens tapped the vein of concern about the forests, and the major parties reacted. So the Government decided that, not only would new exhaust standards come into effect in 1988-89 that could only be met by using the converter but, from July 1, incentives would be given to buy cars with the fitting.

So, today West Germany wants Community approval to be an exception. All the legislation is ready to go and German politicians cannot afford to back off. There are regional elections in the Saar and Berlin on Sunday. North Rhine-Westphalia goes to the polls in the most important of the Leander elections in May.

The issue has at least the same sensitivity in Germany that winning a rebate from the Community budget had in Britain.

Starkly, the choice seems to be the adoption of exhaust standards by the Community *as a* whole or allowing Germany to go its own way. But there is no indication that a compromise on the *standards* is in the offing.

Discussion of the issue since Germany produced its plans last autumn has produced only one element of flexibility. It is that different engine sizes may be treated differently.

In general principle, there is agreement that the Community should move to the sort of standards applicable in the U.S. and that industry should not be obliged to adopt any one specific technology. But the principles beg a lot of questions.

These come down to what Mr Stanley Clinton Davis, the new Commissioner for the Environment, classified as:

- The dividing lines between the different categories of cars;
- The precise emission norms for each clas of vehicle;
- The dates by which the new emission norms should come into force.

The dividing line on the car size is not proving too difficult. It is accepted that a large car, the big polluter, is 2000 cc or more. A consensus can be reached on the dividing line between a small car and a *medium car at 1400 cc.*

Disagreement on the precise emission standards involves whether or not to adopt the U.S. standards, as Germany suggests, *or whether to develop a Euro*pean alternative, as Britain wants. The problem about the U.S. standards, it is argued, is that they are appropriate only to U.S. driving conditions — large cars being driven relatively slowly — rather than to the predominant EEC situation of highly tuned small cars being driven rather fast.

However, the fiercest argument concerns the question of timing.

Argument on big car exhaust standards, to come up to U.S. levels of cleanliness, is split into two—whether they should come into force for new models on October 1 1988, or October 1 1989, and on all new cars in this category on October 1 1989, October 1 1990 or October 1 1991.

Germany wants the quickest application, arguing for the option to bring in the standard in 1988 because of its particular situation.

For cars of less than 2000 cc there are broadly two approaches. Option One for the *medium size cars is to go for* the approximate U.S. standard on January 1 1989, or October 1 1992. For small cars, there could be a two-stage move to the U.S. level—first on *October* 1 1989, with the second stage of the timetable left open, to be *decided by the end of 1987.*

Option Two for the medium-sized cars is also in two stages. A step towards the U.S. norm in October, 1989 with full rigour by October, 1994. For *small* cars, the same first stage of new controls, but a decision on the second stage put off to no later than October, 1994.

In short, agreement *on* what to do about larger cars is more readily obtainable than on small- and medium-sized cars once it has been decided what they are. Concern about the small and medium sized cars reflects the industrial interests of the countries involved.

The UK, France and Italy all have major *stakes in the small* and medium-sized categories and fear the effect on costs and sales if there is legislation to fit new devices on to them. Hence *the desire to spin out* the introduction of new standards to allow for the development of the lean burn engine.

So far the UK and French opposition to the German demands has been more clearly expressed than that of Italy. France has started procedures with the Commission to delay the introduction of new technical standards, while the UK has urged the Commission to act against what it sees as the proposed subsidies to be given to the German car industry.

It is not clear at this stage to what extent this Anglo-French entente has been affected by last week's Franco-German summit. Then, Chancellor Helmut Kohl and President Francois Mitterrand decided to set up a working party to try to bridge the gap, and this working party is said to be still negotiating.

But the chances of compromise seem to depend on the possibility of greater German flexibility. The European Commission has been working on this to try to leave enough space in the timetable to get the lean burn engine on to the production line.

German diplomats, though, have ruled out such a period of grace. They have also refused to relax their attitude on the adoption of U.S. standards as the norm.

There is one pressure on the German Government, however, that might induce change. That is the state of the car industry, handicapped by declining sales because of the uncertainty caused by the exhaust issue. Germany needs a decision. It is not clear what it is prepared to pay in order to obtain it.

The bad news from today's *meeting*, remarked a *German* diplomat, would be no agreement. The next worst bad news would be a compromise involving a delay of up to a couple of years.

UK MINISTERS and officials are entering today's EEC negotiations on exhaust emission standards with considerable pessimism about the prospects for a quick settlement, writes John Griffiths. They are prepared to resist any compromise which could lead to the introduction of catalytic converters on cars of *less than* two litres.

Mr William Waldegrave, the Environment Under-Secretary leading the British delegation, is *likely to tell* the Environment Council that the UK is not prepared to tolerate what it regards as a gun being held to its EEC partners' heads by West Germany.

The British view is that "*lean-burn*" engines *could* match the emissions standards of catalytic converters at a cost of £100-£150 per care, one quarter the estimated cost of *catalysts by 1994.*

It is particularly annoyed that while Bonn, under domestic environmental pressures, is seeking to force *the pace, it is simultaneously* arguing that not enough research into polutants has been done to *justify the* imposition of a 100 kph speed limit. This measure seen by Britain as offering a virtually instant reduction in *emissions, but is likely to* prove unpopular with many West German voters.

The British are also likely to warn that to take the *catalyst route would* leave large parts of the European new car market wide open to greater penetration by the Japanese industry, which has *long fitted small cars* with catalysts.

Industry demands prompt action

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN GENEVA

THE EUROPEAN car industry wants "immediate action" on emission control regulations, Herr Eberhard von Kuenheim, *president of* the European Manufacturers Association (CCMC), said here yesterday.

Speaking during the run-up to the Geneva Motor Show, he made clear that he hoped *governments realised* that the debate about car emission controls must come to an end soon. There could be no more delays because damage was being done to the industry. "The delay is starting to exceed all tolerable limits."

Herr Von Kuenheim said he would not even guess about the outcome of today's EEC environment ministers' meeting on the subject, "because things in the past six months have been moving in all kinds of directions, some *totally irrational.*"

He indicated, however, that the industry might find acceptable compromise standards which would require large-engined cars having to employ expensive catalyctic converters to *remove harmful emissions but would exclude* the use of catalysts for smaller cars.

The West German manufacturers, in particular, *are suffering badly from the uncertain*ties associaetd with their government's intentions. Car sales have dropped steeply so far this year. As a result it is harder than ever for them to forecast sales in their *domestic market, the biggest in Europe.*

As Dr Bernd Gottschalk, head of public relations, economic policy and transport matters for Daimler-Benz, commented yesterday: "There are as many pessimists as there *are optimists—in fact there may even be more* of them." Some estimate that new registrations in West Germany this year will be well below last year's level, which was already hard hit by the six weeks' strike of workers. Others see *the start of a revival in the market.*

"Without wishing to dramatise the situation," he said, "there is definitely a danger that this feeling of insecurity which is so often and so loudly talked about, will kill off any *remaining incentive for customers to buy.*"

France sees research gap narrowing

By David Marsh in Paris

INCREASED EFFORT by the French Government to boost spending on science over the past three years has helped France make up some of the gap in research by which it was trailing some of its international competitors, according to the Research and Technology Ministry.

Economic setbacks, however, have held up the Socialist administration's earlier proclaimed bid to increase total national research and development spending to 2.5 per cent of gross domestic product this year.

According to estimates presented by M Hubert Curien, the Research Minister, to the weekly cabinet meeting yesterday, the research spending ratio this year is likely to be around 2.25 per cent of GDP, although this is still up from only 1.85 per cent in 1980.

The total research spending figure groups the civilian spending of central government, efforts by research institutes, and the programmes of public and private sector industry. The total this year is likely to be around FFr 100bn (£9.1bn).

The Government believes that France has roughly kept pace with annual growth of research in the U.S. over the 1981-83 period. The U.S. rate is estimated at 4.7 per cent, against 4.9 per cent in France. The annual increases are put at only 1.9 per cent for West Germany but a significantly higher 8.9 per cent for Japan.

Although France has had to scale down the ambitious spending plans *initially* promoted by M Jean-Pierre Chevenement, the Socialists' first Research Minister, civil budgetary credits over the 1981-85 period have grown by an annual rate of 7 per cent in volume terms.

The total civil government research budget this year is around FFr 40bn. Companies have boosted research spending by around 5 per cent per year in real terms, with public *sector* groups making an increased effort (5.6 per cent per year) compared with private companies, where the growth rate has been only 2.5 per cent.

The Government has brought in fiscal incentives to boost companies' research spending, notably a tax credit scheme which cost FFr 350m last year spread over 1,500 companies. It still believes companies' research spending —estimated at FFr 58bn this year or 1.25 per cent of GDP—is inadequate.

Iceland fish strike

Iceland's fishermen yesterday reected an agreement by union leaders to end a strike that has threatened the country's *main* industry, Reuter reports from Reykavik. One leader said he had been dissatisfied with the wage accord but had signed it because the government had agreed to pay subsididies to the country's 5,000 fishermen.

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Replacement parts market likely to grow only slightly

BY JOHN GRIFFITHS

THE WEST European market for replacement car parts, worth $14.68bn last year, will see only marginal growth to $15.26bn in 1989. Fierce price competition and structural changes in the market will mean that "only the most flexible, alert and internationally-oriented independent component suppliers will survive."

This warning is contained in a substantial report* on the European automotive "aftermarket" to be published next month by the analysts group, Frost & Sullivan.

To ensure their survival, such companies will have to develop either specialised and proprietary technology porducts in great demand, or have the financial strength to market, and in some cases manufacture, in almost all European countries.

They will need to reduce the diversity of parts produced, and to pass on the resulting economies of scale to distributors. And not least, they will have to expand into related product sectors, primarily by acquisition.

The group's forecast is made against the background of replacement parts demand being circumscribed by new materials in cars extending component life and greater designed-in reliability both extending vehicle life and reducing the levels of service and maintenance required.

If there is an offsetting factor, it is that longer vehicle life is increasing the size of the total European car population. Frost and Sullivan estimates that total number of cars in the region at the end of 1983 was 114.5m. But it warns that again growth will be slow.

However, says the report "it is unlikely . . . that such trends will do more than blunt the impact of the depressing factors."

In such circumstances, traditional independent component makers, wholesale and retail outlets are "in real danger in some countries of fading into relative obscurity." The pressures would come from two main fronts.

Vehicle manufacturers, seeking to compensate for declining or static returns from vehicle sales, would step up their efforts to penetrate the aftermarket with "all-makes" parts sales operations (as with BL's Unipart operation).

Meanwhile, hypermarkets, the oil companies' filling station chains, specialist "quick-fit" parts centres and even mail-order groups would also present a growing threat to "traditional" aftermarket operators.

* *Automotive Components Aftermarket in Europe. Frost and Sullivan, 104-112 Marylebone Lane, London W1M 5FU. Price $1,975.*

Brussels unveils EEC shipping policy proposals

BY PAUL CHEESERIGHT IN BRUSSELS

TOUGHER ACTION against the spread of restrictions in world shipping and greater freedom to provide shipping services within the EEC have emerged as the twin elements of a shipping policy proposed by the European Commission.

The policy document has been saent to the Ten, the Commission said yesterday, noting that it complemented earlier policy proposals on land and air transport to form the basis of a common transport policy.

Early reaction from the Ten suggested that the Commission line on more concerted action to combat the spread of protectionism in international markets was welcome. But efforts to bring greater freedom to the internal shipping market will prove as difficult as parallel moves on land and air transport, diplomats said.

The Commission move is an attempt to fill a void. Although the Treaty of Rome, establishing the EEC, involves setting a common transport policy, little has been done on shipping, save agreement on a limited application ofthe Unctad Liner Code.

This Code aims to reserve for developing countries a bigger share of cargo carrying, but the EEC refuses to apply it inside the area covered by the OECD industrialised countries.

The Ten are now being asked to give the Commission more power to deal with countries whose shipping companies offer services at predatory prices or who seek to allocate cargoes, a practice which freezes out companies not involved in bilateral shipping agreements.

This proposal comes against the background of the declining role played on the world shipping markets by EEC fleets, and attempts by developing countries to control the carriage of goods moving through their ports.

But the Commission believes that working for greater freedom for shipping outside the Comunity only makes sense if there is greater freedom inside.

Hence it wants to make bilateral shipping agreements signed by EEC countries with others outside open to all EEC fleets.

The Commission also wants to explore how to bring shipping within the scope of EEC competition laws.

Genscher visit fans warmer Polish feelings

BY CHRISTOPHER BOBINSKI IN WARSAW

RELATIONS between Poland and West Germany have taken a turn for the better with a seven-hour visit to Warsaw by Herr Hans Dietrich Genscher, the West German Foreign Minister.

Relations deteriorated last November when Herr Genscher postponed an official visit only hours before he was due to arrive because of Polish objections to a West German journalist in his party and warnings that the West Germans should not commemorate Fr Jerzy Popieluszko, the murdered pro-Solidarity priest.

Herr Genscher's flying visit yesterday enabled him to avoid those diplomatic pitfalls and opened the way to a full-scale official visit which is still being planned.

Even as he travelled to Warsaw, Polish radio was praising recent statements by Chancellor Helmut Kohl, leader of the ruling Christian Democrat Party, which showed "realistic attitudes" in that party. This is a significant shift in tone from recent months when the Christian Democrats have been criticised here for supporting "revanchist" claims to Poland's western territories.

In meetings yesterday with Gen Wojciech Jaruzelski the Polish party leader, and Mr Stefan Olszowski, the Foreign Minister, Herr Genscher is likely to have been told that West Germany must adhere to the 1970 treaty recognising Poland's western frontier.

Herr Genscher, for his part, was widely expected to raise the problem of emigration permits for people of German origin which have slowed to a trickle in recent years in contrast to the late seventies.

Poland and West Germany are due to hold economic discussions later this month which will be attended by Herr Martin Bangemann, Bonn's new Economics Minister. The Poles have asked their main Western trading partners, apart from the United States, for new trade credit worth $1.7bn, of which the Poles hope the West Germans will supply the lion's share.

W. German exports leave domestic demand far behind

BY PETER BRUCE IN BONN

BY PETER BRUCE IN BONN

THE West German economy looks as if this year it will again have to rely for growth largely on the continuing strength of export markets, rather than jointly with domestic demand.

While seasonally adjusted figures published yesterday by the Economics Ministry showed that the real value of orders for manufactured goods in December and January rose by 5 per cent over the same two months a year earlier, domestic orders alone achieved an increase of only 0.5 per cent and, in fact fell 2.5 per cent in volume.

Exports, on the other hand, rose by 13 per cent in value and 9 per cent in volume.

Ppblication of the statistics coincided with a forecast for a record trade surplus of more than DM65bn (£18bn) from the Hamburg-based HWWA economic research institute, an increase of DM11bn from the record set last year.

The continuing sluggishness in the domestic economy could soon begin to embarrass the Government, which has set great store by forecasts of a significant increase in domestic capital investment this year as a means of cutting unemployment. Growth in capital goods exports has, however, contineud to easily outstrip local orders.

Although it is probably too erly to pass ecven provisional judgment on the scale of capital spending for this year, several economists and business leaders have expressed doubts that Bonn's hopes of a 6 per cent rise this year can be realised.

Businesses, it has been argued, may be wary of investing too heavily for fear that the exchange rate movements which have so far worked in their favour might just as easily, and without much warning, begin to work the other way.

One of the most telling measures of this hesitant mood is that, instead of taking advantage of their booming export businesses to create new jobs, manufacturers are instead confining themselves to boosting overtime working.

The Government, which is now regularly urging employers to reduce overtime, said on Tuesday that in 1983, with an average 2.26m people out of work, some 1.5m hours of overtime were recorded, slightly more than the year before when unemployment averaged 1.8m. Unemployment and overtime working increased last year.

Refugees want to come home, says E. Berlin

BY LESLIE COLITT IN BERLIN

EAST GERMANY, in a surprise announcement, said it is "considering" the application of more than 20,000 East German refugees in West Germany who "want to return home."

Last year, East Germany permitted 40,000 of its citizens to emigrate to West Germany and warned they would not be allowed back. In previous years, some 15,000 East Germans were permitted annually to emigrate to the West.

The main East German Communist daily Neues Deutschland yesterday published an entire page of names and addresses of 130 ex-East Germans and their families, along with the reasons they gave for wanting to return.

The testimonials were apparently designed to discourage the growing number of East Germans applying to leave the country.

West Germany's Ministry of All-German Relations said an average of about 1,200 former East Germans returned home each year, noting there was no indication this number was about to increase dramatically. West German law, anyone may leave the country at will and added that it appeared East Germany was "trying to divert attention from its own problems."

One of the East German refugees listed in Neues Deutschland, Herr Juergen Clausnitzer, 20, a bricklayer living in Bavaria, was said to be disappointed about the "real social situation" in West Germany and was "deceived by West German television" which is viewed throughout East Germany.

Another former East German, Herr Gottfried Doerfelt, a worker in Frankfurt, was said to want to return because his "illusory ideas" about West Germany were not fulfilled.

Many of the other ex-East Germans gave unemployment as a reason for wanting to go back or, like Frau Christina Freudenberg, were said to feel like a "stranger in an alien world."

Before the Berlin Wall was built in 1961, East Germany actively wooed its refugees in the West to return home and maintained several reception camps at the border where they were processed.

Since then, however, most East Germans who left the country legally and illegally were regarded as too tainted by the West to permit their reintegration into East German society.

Craxi backs 'basic goals' of Reagan arms policies

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SIG BETTINO CRAXI, Italy's Prime Minister, yesterday gave his support to the "basic goals" of President Ronald Reagan's arms control and defence policies and expresed the hope that Italy would benefit from research and into Star Wars defences.

On a two-day visit here, Sig Craxi has stopped short of an outright public endorsement of Star Wars but has welcomed assurances by Mr Reagan that the programme's aim is "defence and peace based on a balance of forces."

The U.S. has taken Sig Craxi's remarks as another indication of a "growing convergence" between the U.S. and Western European views on Star Wars after initial European misgivings. A senior official added, however, that Washington is not asking its allies to sign "on the dotted line" in favour of Star Wars, which is a U.S. and not an alliance initiative.

In a speech to a joint meeting of Congress, Sig Craxi called on the U.S. to negotiate with the Soviet Union if research showed that the deployment of Star Wars weapons was feasible. His view is that Washington should give a guarantee to Moscow that research will comply with the 1972 anti-ballistic missile treaty and that development and production of any weapons would not proceed without prior agreement.

His speech followed remarks made by General Nikolai Chervov, a senior member of the Soviet general staff, that the Soviet Union will "develop and perfect" its offensive strategic nuclear forces if the U.S. presses ahead with Star Wars research.

Gen Chervov, who is here with a 30-member parliamentary group from the Supreme Soviet, told the Washington Post that Moscow would not wait to upgrade its offensive strike force until the U.S. had actually deployed the new weapons, "which are still in the research phase." "We are not going to sit on our hands and wait until you decide" whether or not to deploy, he said.

He drew a distinction between "laboratory" and "drawing board" research which, he said, would be difficult to verify under an arms control agreement, and "experimental and design work which also involves field testing and does not pose real difficulties in terms of verification."

Labour opposition to SDI spelt out by Kinnock

BY QUENTIN PEEL IN BRUSSELS

MR NEIL KINNOCK, leader of the British Labour Party, yesterday spelt out his strong opposition to the U.S. Star Wars initiative, and repeated his determination to remove cruise missiles from Britain if his party wins the next election.

He put over this firm line in talks with Lord Carrington, Nato's secretary-general, and other senior officials at the alliance headquarters in Brussels.

Mr Kinnock described the U.S. move to start research into the so-called Strategic Defence Initiative as "itself an embarkation on the arms race."

"The U.S. is starting on a road whose end is not given sufficient attention," he declared. "No one has given any indication as to when research turns to production and produtcion turns to deployment. There is a quantum leap from research to deployment."

He criticised Mrs Margaret Thatcher, the British Prime Minister, for "being prepared simply to follow in the wake of the U.S." on the question of the research into nuclear weapons in space.

The SDI had been the main topic of his discussions, he said. Labour Party policy to remove cruise missiles from Britain and close U.S. nuclear bases had not been critcised specifically.

He warned against any retaliation by the U.S. if a future British government did enforce such a withdrawal. It would be "foolhardy to jeopardise the alliance" simply because one member took an action of which others disapproved.

Kadar may come to UK

BY DAVID BUCHAN

MR JANOS KADAR, Hungary's Communist Party leader, may visit London later this year as a mark of further improvement in the already good Anglo- said yesterday following talks by Mr Peter Varkonyi, the Hungarian Foreign Minister, at the British Foreign Office.

The visit would be the first to London by an East bloc party leader since Mr Nikita Khrushchev came in the mid-1950s, because President Nicolae Ceausescu of Romania came in 1978 as head of state.

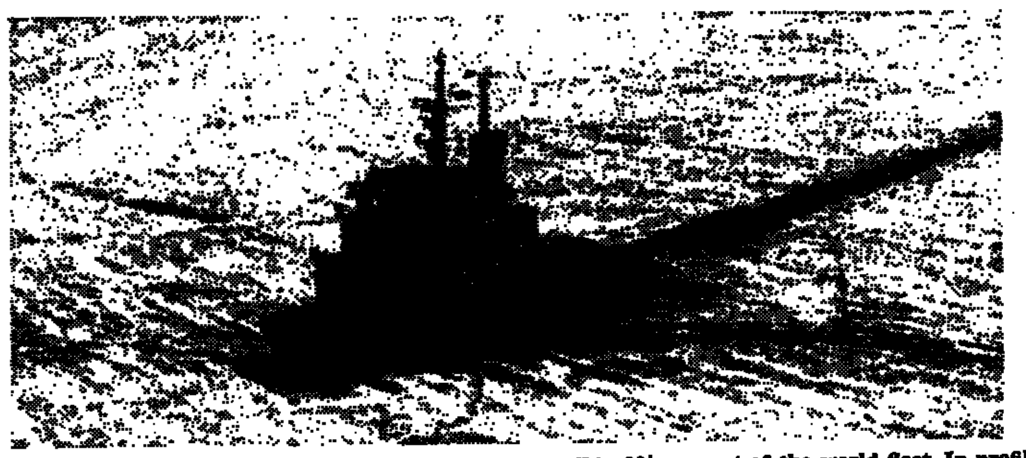
The prospect of such a visit is likely to figure in Mr Varkonyi's discussions today with Mrs Margaret Thatcher, who visited Budapest a year ago.

Sir Geoffrey Howe, the UK Foreign Secretary, stressed, in advance of next week's opening of U.S.-Soviet arms negotiations, the "genuine desire" of the West to improve relations with the East bloc and to reach arms control agreements, officials said.

EUROPEAN NEWS

Finnish ships battle against winter's icy grip

BY KEVIN DONE, NORDIC CORRESPONDENT, RECENTLY ABOARD THE ICEBREAKER URHO IN THE GULF OF BOTHNIA



Finland operates 10 icebreakers in the Baltic and builds 60/ per cent of the world fleet. In profile, the vessels look like a block of flats six or seven storeys high

THE SUN emerges above the horizon as a fiery red ball. The air crackles with the cold of minus 30C, as the bulk of the Finnish icebreaker Urho batters its way through glistening ice that transforms the Gulf of Bothnia, the northern most arm of the Baltic Sea, into a white, wind-scoured wasteland for up to six months of the year.

The bow of the cargo vessel Granö is locked in a frozen embrace into the V-shaped stern of the icebreaker, bound eventually for the Thames estuary with its cargo of pulp and paper.

"If it stays this cold it is possible that the whole of the Baltic will freeze. That last happened in 1947," says Captain Tom Artela, the Urho's skipper.

The ice is already up to three feet thick across much of the Gulf. In parts, it has drifted, buckling under the pressure into ridges. "We have gone through 25-metre ridges," he says, "you only see two and a half metres above the surface, but it is like an iceberg, only one tenth is above the surface and the rest is below water level. It's like driving into a wall."

The ice now stretches in an eery, silent expanse south to the Swedish island of Gotland. In the mid-Baltic, the area of open sea that remains is shrinking all the time as the ice closes up from the coasts of East Germany, Poland and the Soviet Union.

"It is not so important how thick the ice is, but how much it is moving," says Captain Artela. "If the ice is drifting, then all ships need assistance."

It's an enormously expensive operation. Finland alone spends about FMks 200m (£26.7m) a year to operate and maintain its fleet of 10 icebreakers, including one that is managed for the West Germans. Sweden operates a further seven.

Until the beginning of the 1970s, Finland had neither the resources nor sufficiently powerful icebreakers to keep shipping routes open to its northern ports of Kemi Oulu and Raahe. The only link across the Gulf was an ice road, when conditions allowed, from Vasa to the Swedish port of Umea.

Since then the muscle power of the fleet has improved dramatically and Finland has established an unrivalled lead in the building of strengthened ships. Finnish built icebreakers account for close to 60 per cent of the world fleet. Since the 1930s the international ice class regulations have been based on the corresponding Finnish requirements.

The development of heavy process industries around the Gulf of Bothnia, with pulp and paper plants, chemicals and steel plants has made it imperative to keep the shipping routes open. Sweden blamed an ominous deterioration in its January trade figures on delays in export shipments caused by the worsening ice.

The prolonged high pressures of recent weeks, bringing winds from the Arctic and Siberia, have helped to stabilise the ice on the Finnish side of the Gulf, enabling the icebreakers to follow regular channels and pushing the ridge over towards the Swedish coast.

Most vessels still need assistance, however. Fifteen minutes after a ship has passed through, the channel has already frozen again so hard that you can walk across it.

Calling at the port of Oulu for its first bunkering stop in two-and-a-half months, Urho reopened a passage to release the Granö but, even with a fresh channel, the cargo vessel was helpless. It had to wait to be towed out to sea before it could be released later to sail south in convoy.

It was shepherded first to the next icebreaker operating further south. The icebreakers transferred their charges, allowing Urho to pick up a bulk carrier coming north to Lulea to collect a cargo of iron ore. In the Swedish port, Urho picked up another ore carrier bound for Finland with supplies for the Finnish steel industry.

Pushing through the refrozen channels, the icebreaker moves with surprising ease, only trembling and shuddering when it has to cut through virgin ice. Twenty metres to either side, the surface of the ice cracks like crazy paving, and the ice in the channel breaks into huge blocks scraping along the hull.

The slabs of the ice ridges glint a pale, cold green and blue in the weak northern sunlight, while a thick curtain of steam rises several feet from the broken channel. From the air the old refrozen channels resemble grey, boulder-strewn highways heading off to the horizon.

The best route—and the cheapest — through the ice is plotted with the help of a small helicopter flying reconnaissance missions up to 100 miles away from the icebreaker. Mr Pauli Saarenpää, the helicopter pilot, has been flying for 20 years. He can cope, he says, with the wind, the snow or rain. He is used to flying in the north, in Greenland and Spitzbergen as well as Finland, but it is still the white fog that he fears. "It is very flat and, in mist, everything is white. You don't know where you are have no bearings."

In profile the vessel looks like a block of flats of six or seven storeys, hoisted aboard the long flat deck, but the design ensures that no cabins are below the water line where the constant scraping of the ice would allow little sleep.

The icebreakers work around the clock seven days a week, with the crew working a rota of 20 days on and 10 days off, but the conditions have undoubtedly eased.

On board is a swimming pool, a gymnasium, television and videos, a library and the regulation Finnish saunas.

The state-room visitors' book bears testimony to the comforts on board—Gerald and Betty Ford, Henry Kissinger, an array of visiting ambassadors and Government officials.

Growing automation is also changing life on board, and the next generation of icebreakers —the first vessel is due to leave one of the Wärtsilä yards around the turn of the year— will require a crew of less than 30 compared with 46 on present vessels.

Equally, the combination of on-board computers and the launching of a new satellite in polar orbit is expected to revolutionise navigation through the ice in a couple of years. Present radar techniques have problems with the ice ridges and ice echoes making it difficult to plot accurately the channels of least resistance. A satellite in polar orbit should allow an icebreaker in future to plot its position with an accuracy of one to five metres.

The ice is now so bad in the Gulf of Bothnia that it is only open for specially ice-strengthend cargo vessels.

Two propellers at the front of the icebreaker work constantly forcing water between the bow and the ice, "greasing" the hull to reduce the fricton between ice and steel. For the biggest ridges the icebreaker can be heeled back and fore, the swaying motion again cutting the friction to help it ram a way through the ice.

The new generation of icebreakers will employ an air bubbling system to replace the front propellers with jets of air forcing the water along the front of the hull creating a cushion between ice and steel. "That is what the engineers have calculated," says Captain Artela. "We will be wiser after next winter."

The last ice will not have cleared the north of the Gulf until the last days of May or early June, leaving only a brief summer lay-up in Helsinki for maintenance and rest before the journey north again in the dark days of mid-November.

Skoda forges ahead on agreements with Western companies

BY LESLIE COLITT, RECENTLY IN PRAGUE

CZECHOSLOVAKIA'S leading engineering company, Skoda – best known for its cars – is forging ahead with its plan to conclude agreements with Western companies on co-operation in third markets. These are mainly expected to be the developing countries where in some cases the East Europeans are thought to have a better chance of getting their foot in the door.

Skodaexport, the company's foreign trade organisation, is preparing to sign an agreement with Davy McKee of the UK to jointly supply equipment and complete rolling mills to third markets.

"Sometimes we will be the main contractors, sometimes they, depending on the political situation in the country being approached," explained Mr Peter Kuchta of the Ministry of Heavy Engineering in Prague.

Skoda's first co-operation venture with Davy McKee is a more modest deal to exchange components. Under a contract signed last month, Skoda will cast three press stands and gearboxes for the UK company which is delivering special presses to a major agricultural equipment producer.

The Czechoslovak engineering giant is also co-operating with Deutsche Babcock to provide turbines for a power plant in Egypt where Babcock will provide the boilers. Last year a letter of intent was signed with Alsthom Atlantique of France for joint production with Skoda of power stations in third countries.

Skoda has been negotiating with General Electric of the U.S. to form a consortium to build a 350 MW thermal power station at Gorge la Cerdo in Brazil's state of Santa Catarina. However, the new Brazilian Government has apparently given the power station low priority on its list of investment projects. If the consortium ever materialised it would be a rare example of U.S.-East European co-operation in heavy engineering.

Skoda has delivered power generating equipment to Brazil since the early 1950s and has provided turbosets and boilers for thermal power stations and turbines for hydroelectric plants. A contract was recently signed with Mexico to deliver six Skoda turbosets of 100 MW each which are to contain up to 50 per cent local content, according to Mr Frantisek Hamala, Skodaexports' deputy general director.

Four turbine units of 165 MW had been sold to Turkey, he noted, while the United Arab Emirates had ordered six units, meaning that 90 per cent of the country's electricity would be generated by Skoda power equipment.

Although 80 per cent of Skoda's sales of classical power stations go to the West, only 30 per cent of the company's total export earnings are from the hard currency area. About 70 per cent of exports go to Comecon where Skoda sells an enormous range of equipment including rolling mills and nuclear reactors which it builds under licence from the Soviet Union. This breakdown of sales between East and West was unlikely to change, Mr Hamala explained.

Acid snow in Norway

OSLO – Snow with a record acid content fell on southern Norway this week and chemists yesterday blamed industrial pollution from West Germany.

The chemists said the "acid snow" – a frozen version of acid rain – that fell on areas near Oslo on Monday had a value of 3.4 on the pH scale which measures acidity. Snow or rain with neutral acid and alkaline content would have measured seven on the scale.

Mr Odd Skogvoll, assistant director of the Norwegian Institute for Air Pollution, told journalists that the previous record acid content for rain or snow falling on Norway was pH 4.3. He said a reading of lower than four was "cause for alarm."

Snow falling on southern Norway this week originated from France but would have collected sulphur emissions over the industrial Ruhr area in West Germany, other scientists said.

Mr Skogvoll said much of the acid rain and snow that falls on Norway originates from Britain.

Mr Olof Palme, Sweden's Prime Minister, urged Scandinavian governments on Tuesday to increase pressure on Britain to cut sulphur emissions.

Reuter

Vintage port prices up at London auction

By Edmund Penning-Rowsell in London

VINTAGE PORT prices at Christie's wine auction last week continued the rise recently shown. They were generally above the estimates and in most cases higher than at a similar sale only a month ago.

Buying on American account was partly responsible. Although there is little market in the U.S. for laying down young vintages, a growing demand exists for mature ports of established years.

A single bottle of Graham '27 went for £120, and a case of Taylor '35 for £1,400. The '45s ranged from £1,750 a dozen for Taylor, £1,300 for Graham, £1,050 for Croft to £720 for Ferreira. Among the '55s, Taylor sold for £680 a dozen, Cockburn for £440 and Quinta do Noval for £420.

Among a wide selection of the highly esteemed '63, dozens of the leading growths were knocked down as follows: Taylor (£420), Quinta do Noval (£340), Croft and Graham (£330), Warre (£320) and Cockburn (£310). The '66s made between £250 a case (Graham), £240 (Croft) and £220 (Dow, Quinta do Noval and Warre).

Noval is celebrated for its nearly unique '31, and a single bottle reached £350 last week.

Bouygues in construction projects pact

HONG KONG – The Bouygues Group of France has signed a five-year joint venture agreement with Shui On Investment of Hong Kong to begin construction projects in Peking, Shanghai and Guangzhou as well as in Hong Kong.

A French bank, Banque Indosuez, arranged the agreement after a year of discussion between the two companies, the bank said.

The two companies plan office, hotel, civil works and housing projects in China. The companies said, however, that the projects remained in the proposal stage and sites had not been determined.

The companies said they were closer to initiating co-operative efforts in Hong Kong where they hope to win a contract at the end of March to help construct a cross-harbour tunnel. Both companies have also been prequalified to make bids for the Bank of China building.

Because the companies have not formally established any joint projects they said they had not yet defined their respective responsibilities or formulated a plan for profit-sharing.

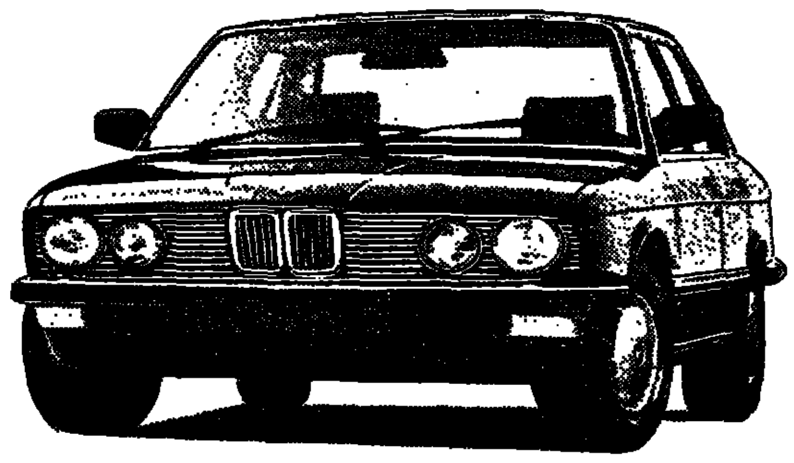
Both companies will benefit mutually from the arrangement, said Mr Gerrit J. de Nys, executive director of the Shui On Group.

AP-DJ

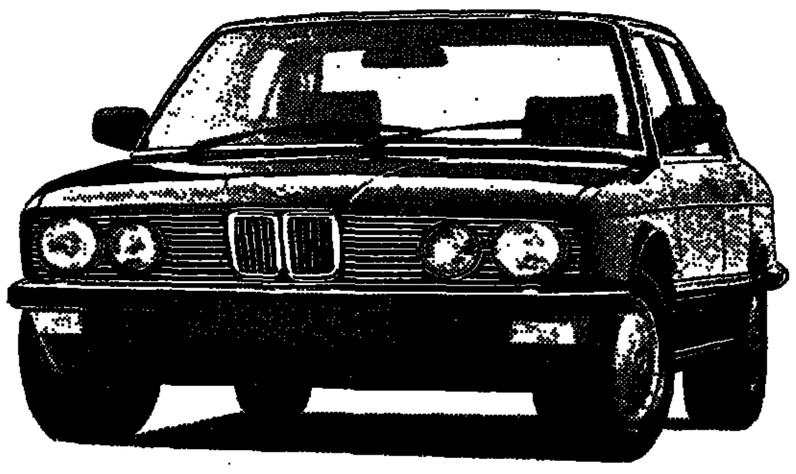
هكذا من الأصل

THE BMW 5 SERIES. FROM £9,000

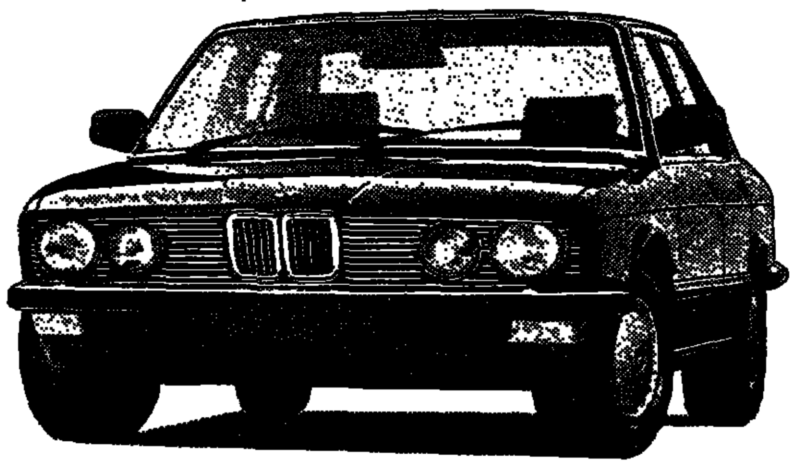
BMW 518i: 105 BHP. £8,970



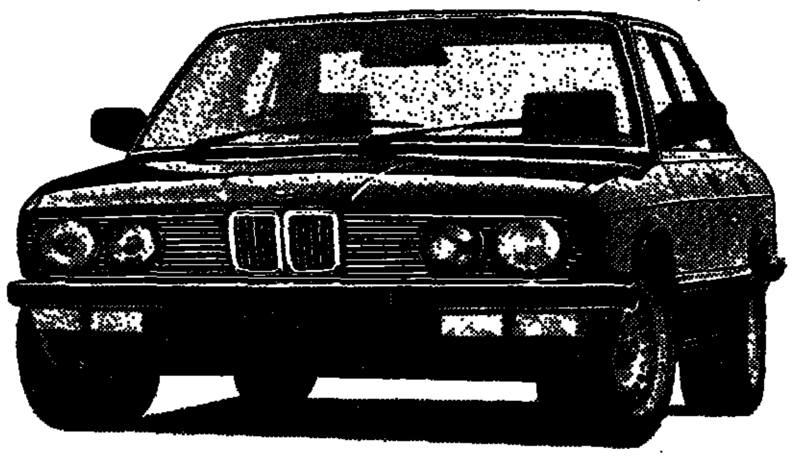
BMW 520i: 125 BHP. £10,825



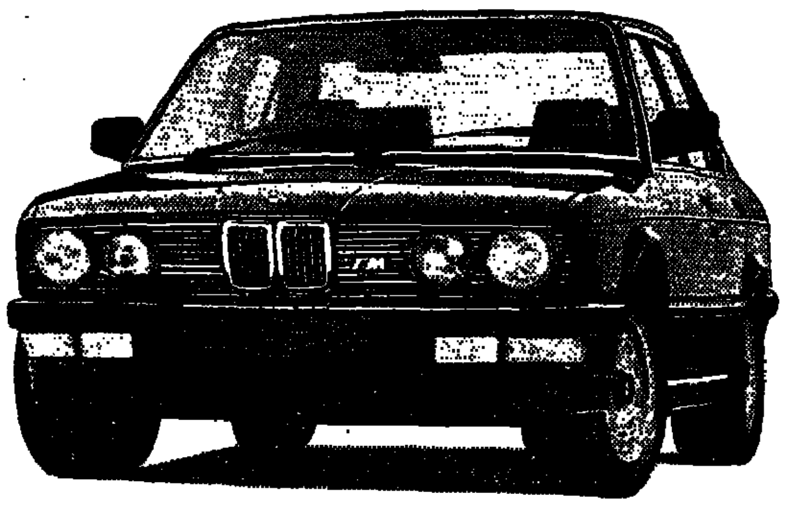
BMW 525e: 125 BHP. £12,275



BMW 525i: 150 BHP. £12,735



BMW 528i: 184 BHP. £14,285
BMW 528i SPECIAL EQUIPMENT 184 BHP. £16,235



BMW M535i: 218 BHP. £17,950

TO 218 BHP.

As you can see, there is more to the BMW 5 Series than you might have thought.

For each car has a different engine, not a different degree of superficial adornment to earn its distinguishing insignia.

If that sounds like a different policy from those who mass produce their cars, so be it.

The BMW 5 Series has been built with different priorities.

And before you sentence yourself to thousands of miles of humdrum motoring, you owe it to yourself to discover if you share these priorities.

ONE BODY, SIX HEARTS.

You wouldn't expect a company like BMW to compromise on the 518i, just because it's the least expensive model. And they didn't.

For example, it shares its cylinder block with the one that powered BMW's Formula 1 engine to the World Championship in 1983.

A fact that not only hints at levels of performance that make you wonder why it is specially favoured by the Chancellor of the Exchequer in its tax rating. It also suggests a remarkable degree of durability as those racing engines have to take 10,000 rpm in their stride.

An unnecessary precaution? It depends on your standards.

Certainly, if we were prepared to accept the standards of others we would not have created "the world's smoothest 6 cylinder engine" (Motor).

This is waiting for you in the 2 litre 520i, in place of the 4, 5 or even unrefined 6 cylinder alternatives of others.

Nor if we were less committed to excellence would we have developed both a 2.5 litre and 2.8 litre engine for our range.

The 525i has a serene calmness that makes *motorway miles melt away.*

And the 528i responds to the touch of the throttle with "beautifully measured precision" (Motor).

Only a test drive can tell you which of them would suit you better. (It's rather like choosing between the pleasures of a Chateau Latour or a Chateau Margaux.)

THE EFFICIENCY ENGINE.

The 525e has perhaps the most unusual story of all the engines in the 5 Series range.

For it represents a radically different approach to fuel economy. Instead of merely shaping the outside of the car, BMW's engineers look beneath the bonnet.

By an ingenious combination of electronics and engineering they created a power unit that is only running at 2,000 rpm when the car is cruising at 70 mph.

With the result that its official fuel consumption figures beat even "the world's most aerodynamic car." Yet its revolutionary design gives it 20% better performance in the crucial 30-50 mph overtaking time.

Because BMW believe that saving fuel is no reason for putting your life at risk.

MUSCLE WITH MANNERS.

The new BMW M535i is as surprising as its fuel efficient stable mate.

For though its 218bhp can whisk you to 143mph, it has none of the vices that normally flaw "supercars."

It doesn't fret in traffic or rush from petrol station to petrol station. (It actually uses no more petrol than the 1.8 litre BMW of 1978).

Its a combination of virtues that explain 'Motor's' verdict. "Overall there is nothing to quite touch the M535i."

"NO CAR HAS EVER GIVEN ME AS MUCH SHEER DRIVING PLEASURE".

'Motor' said this after 53,000 miles in a 528i. (And the same car they judged to be "among the most reliable cars ever tested.")

But they could have picked any of the 5 Series.

Each has a quality that shows itself as much in the unbridled enthusiasm of the engines as in the undimmed shine of the paintwork.

But these are things you should see, and experience for yourself.

Send us the coupon, and we'll do the rest.

Please send me details of:
£8,970 BMW 518i ☐ £10,825 BMW 520i ☐ £12,275 BMW 525e ☐
£12,735 BMW 525i ☐ £14,285 BMW 528i ☐ £16,235 BMW 528iSE ☐
£17,950 BMW M535i ☐

(Mr, Mrs, Miss, etc.) Surname

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Reagan reaffirms budget stance after defence cuts rebuff

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan has signalled that he is determined to stick to his tough negotiating stance on his 1986 budget proposals. This is in spite of a vote by the Senate Budget committee dealing a sharp rebuff to his recommendation that defence spending should be increased by 5.9 per cent in real terms next year.

On Tuesday, in its first budget action, the Republican-controlled committee voted 18-4 to approve a proposal from a Democrat, Senator Ernest Hollings, to freeze the growth of defence spending in 1986 to the rate of inflation, and to limit the increase in 1987 and 1988 to 3 per cent in real terms.

The decision would trim the President's budget request by some $11bn (£10.4bn) in 1986 and by almost $80bn between 1986 and 1988.

Mr Larry Speakes, the White House spokesman, said: "We are not going to comment on each and every action of the (budget) committees, but I would point out that the President sticks by his entire budget, specifically defence."

The Senate Budget Committee's vote is only the first, and by no means the decisive, vote on defence spending which will be taken in coming months. However, it is seen as a step which could breathe life into efforts on Capitol Hill to trim back huge federal budget deficits.

Even immediately ahead of the vote on Tuesday there was widespread pessimism about the chances that Congress would be able to concoct a budget-cutting package of any significance this year.

Senate strategists are hoping that with the defence vote which was shrewdly put at the top of the Budget Committee's agenda, it will be easier to persuade committee members to approve other painful cuts in budget items.

Drugs scandal rocks Caribbean islands

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

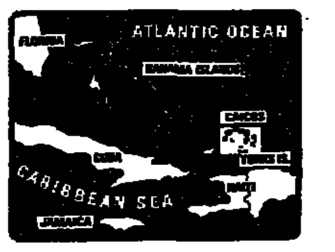
THE ARREST of Mr Norman Saunders, the Chief Minister of the Turks and Caicos Islands, and two other senior officials on drug smuggling charges in the U.S. has thrown the government of the British dependency into confusion.

The incident has also created delicate constitutional problems for the British Government and cast a cloud over the image the Caribbean islands were projecting to attract offshore banking business.

Mr Saunders was arrested on Tuesday in Miami along with Mr Stafford Missick, the Development Minister, Mr Aulden "Smokey" Smith, the Parliamentary Secretary, and M Andre Fournier, a French Canadian from the Bahamas, in an undercover operation mounted by the U.S. Drug Enforcement Agency (DEA).

They were due to appear before a Miami court late yesterday after being held overnight with a $2m (£1.25m) bond each. The combined bond is equivalent to over half the Turk and Caicos islands' entire budget.

DEA officials said the charges against the four men were conspiracy to import narcotics into the U.S., conspiracy to violate the U.S. Travel Act, and conducting interstate and foreign travel in aid of racketeering enterprises.



● Mr Norman Saunders, Chief Minister of the Turks and Caicos Islands, lowers his head as a U.S. Drugs Enforcement Administration agent escorts him after his arrest on drugs smuggling charges in Miami on Tuesday.

The British Government, which has ultimate responsibility for the islands, has been aware of the DEA undercover operation which has been going on for over three months. It is expected to press behind the scenes for Mr Saunders to resign from office before the charges are proved.

However, constitutionally Mr Saunders cannot be forced to step down by the Government unless the 11 man legislative council for the 8,500 islanders passes a no confidence vote.

Mr Saunders, who is a leading businessman on the islands, controls eight of the 11 seats.

Furthermore, all three of the islanders arrested are on the council and if they remain in prison a confidence vote becomes even more complicated to arrange.

Mr Sanders became Chief Minister in 1980 after the sudden death of the islands' leading politician "Jags" McCartney. Mr McCartney died when the small aircraft in which he was travelling with some alleged U.S. underworld figures mysteriously exploded.

The U.S. authorities have for several years sought to tighten up on the Turks and Caicos Islands being used as a staging point for cocaine and marijuana traffic from South America to Florida.

The islands, 575 miles south east of Miami, possess many small flat cays with numerous landing strips that have been used by light aircraft for refuelling stops. Mr Saunders in 1972 took over control of an aviation fuel company on South Caicos.

To tighten up on drugs transit, the UK despatched a special police officer and more recently the DEA began a public investigation which apparently proved ineffective.

It was then decided to proceed with an undercover operation with agents posing as organisers of a cocaine and marijuana smuggling operation.

According to a DEA statement, Mr Saunders was alleged to have received $30,000 (£270,000) to ensure safe refuelling. The DEA also said that the three Turks officials were not covered by diplomatic immunity since they were in Miami on personal business.

Argentina to resume IMF talks 'this week'

By Jimmy Burns in Buenos Aires

SR JUAN SOURROUILLE, the new Argentine Economy Minister, is hoping to resume his country's negotiations at the end of this week with the International Monetary Fund. The talks were interrupted by the abrupt switch in the country's economic team last month

In his first interview with a British publication since taking office, Sr Sourrouille told the FT on Tuesday that he expected an IMF team to visit Buenos Aires "by the weekend, if not before," apparently to help pave the way for an early completion of a $20bn (£19bn) commercial bank rescheduling package.

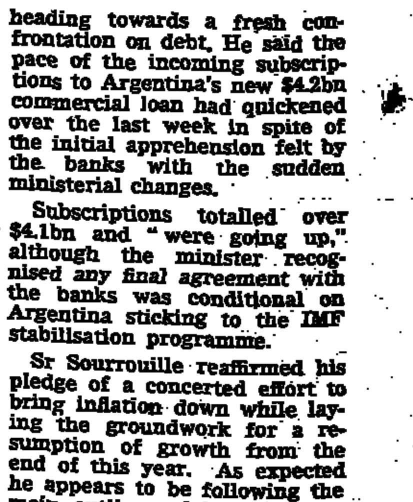
"We have to talk with the Fund because the ministerial changes mean we have to look closely at the way various variables (in the IMF agreement) have been measured, and what exactly are our commitments," Sr Sourrouille said.

The Minister would not be drawn on whether this meant that Argentina would press for a renegotiation of the IMF agreement as suggested privately by some of his close aides. However, Sr Sourrouille said he considered Argentina had complied with the targets set for the first quarter of the agreement with the fund (September - December). He thus expected the IMF to disburse the second tranche of the standby facility of about $280m. Some bankers had suggested that Argentina might ask for a waiver.

It is understood that Argentina wants to focus the talks on the second quarter of the agreement during which fiscal and monetary targets have been overshot as a result of a much higher than anticipated inflation rate. Sr Sourrouille did not rule out the possibility that a requestfor a "grace period," during which Argentina could be given more time by its creditors to put its house in order, would be raised.

The targets have been set in nominal terms and have thus not been indexed to possible surges over and above the inflation rate forecast in the agreement. Argentina's annual inflation rate touched a record 776 per cent in January, making it virtually impossible that the country will meet a 300 per cent target by this September as agreed with the IMF.

Nevertheless Sr Sourrouille appeared to steer away from any suggestion that Argentina was heading towards a fresh confrontation on debt. He said the pace of the incoming subscriptions to Argentina's new $4.2bn commercial loan had quickened over the last week in spite of the initial apprehension felt by the banks with the sudden ministerial changes.



Sourrouille: cautious

Subscriptions totalled over $4.1bn and "were going up," although the minister recognised any final agreement with the banks was conditional on Argentina sticking to the IMF stabilisation programme.

Sr Sourrouille reaffirmed his pledge of a concerted effort to bring inflation down while laying the groundwork for a resumption of growth from the end of this year. As expected he appears to be following the main outlines of his "strategy for economic growth 1985-89"—a medium term plan he published in January while still under-secretary for planning.

Sr Sourrouille reiterated the phrase a "positive adjustment of the economy" to describe the strategy of improving the country's debt service ratio through an export-led recovery. He ruled out however any "shock treatment," involving substantial wage cuts or maxi-devaluations.

According to government aides, Argentina's cautious attitude on debt has an eye on President Raul Alfonsin's official visit to the U.S. on March 18. Officials say the trip will be principally aimed at restoring the credibility of the country's nascent democracy in the eyes of the Reagan Administration, and at attracting foreign investment.

In the background, however, is what appears to be an Argentine initiative to secure a global strategy for dealing with the Latin America's $350bn foreign debt. Sr Sourrouille confirmed that his government was maintaining frequent contacts with the new Brazilian administration and other debtor countries so as to present a concerted position paper at the IMF's interim committee and the World Bank's development committee meetings in Washington in mid April.

Brazil halves capital inflow forecast

By Andrew Whitley in Brazil

THE INCOMING Brazilian Government of President Tancredo Neves faces an uphill struggle to get back on track with the International Monetary Fund, judging by figures released to foreign bankers this week by the Central Bank.

In the latest evaluation by the Central Bank of the country's economic performance—and simultaneously revision of 1985 targets—the projected net capital inflow has been halved from $3.1bn to (£2.9bn) to $1.6bn, and the required visible trade surplus boosted by $700m to $12.9bn.

Reaching the trade surplus target remains "essential," according to government officials. But its achievement is looking progressively more difficult. Exporters complain they are being hit by the over-valuation of the cruzeiro, the elimination of a long-standing tax break and the freezing of pre-export finance.

Meanwhile, any lingering hopes the Figuerldedo Government may have had of coming to an agreement with the IMF in its last weeks in office—and thus launching Brazil's grand bank debt rescheduling package — have disappeared.

Reagan may ask Asian countries to aid contras

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE WHITE HOUSE is considering asking unnamed friendly Asian countries to help channel aid to the anti-government "contra" rebels in Nicaragua, the New York Times reported yesterday. The idea was said to be one of a number of possible alternatives under review if the Administration loses its uphill battle to persuade Congress to release a further $14m in covert aid to the contras next month.

Other possibilities that the Administration has considered in its search for viable alternatives include "humanitarian" aid for the contras' families, recognising the contras as the country's official government, more joint military manoeuvres with Honduras, and an increased concentration of U.S. naval power off Nicaragua to step up pressure on the Sandinista Government.

Congressional leaders have expressed concern over the use of third countries to aid the contras, which would be illegal if the other countries diverted U.S. equipment and weapons to the rebels. Congress could also hold up economic aid to countries like Thailand and Taiwan if they tried to get round a Congressional aid cut-off by helping the contras, Congressional sources said.

Meanwhile, Sr Enrique Bermudez, a top contra military commander, dismissed fresh allegations of rebel atrocities as the result of "a propaganda machine the Sandinistas have set up to discredit us, particularly now that there is discussion of renewing our aid."

The report, by the respected private human rights group Americas Watch, accused both sides of widespread abuses of civilians, far in excess of what would be expected in a normal war—although it said that the Sandinistas' record had improved in the past two years.

Mexico speeds devaluation

BY DAVID GARDNER IN MEXICO CITY

MEXICO HAS speeded the rate at which the peso is devalued against the dollar for the second time in three months. From yesterday, the daily rate of devaluation will be increased from 17 to 21 centavos, bringing the controlled rate, at which about 80 per cent of trade transactions are conducted, to 203.55 pesos to the dollar. The "crawling peg" amounts to a 38 per cent devaluation averaged over a year.

The adjustment follows indications that the trade surplus for the final quarter of last year, for which official figures are not yet available, was down sharply on earlier quarters.

Pan Am strike poses High Noon threat to Acker's survival plan

BY TERRY DODSWORTH IN NEW YORK

MR EDWARD ACKER, chairman of Pan American World Airways, is now engaged in the airline equivalent of the final shoot-out in High Noon. Three-and-a-half years after he took over the company to begin a radical process of cuts and reorganisation, he is facing the most difficult opponent of all—a trade union which is bitterly obstructing any further retrenchment.

The strike by the Transport Workers Union, one of the five unions in the group, underlines the deterioration in labour relations at Pan Am in the last few months.

The TWU, representing more than 5,700 Pan Am mechanics, baggage handlers, flight dispatchers and food workers, went on strike on February 28 after rejecting the company's offer of a 20 per cent wage increase over three years in return for wage and benefit cuts and job security concessions.

Extraordinarily blunt personal attacks on the chairman are now commonplace among the workforce, who claim that Mr Acker is making no attempt to negotiate. Only the pilots have accepted a new contract so far, while the flight attendants are threatening another strike at the beginning of next month.

Mr Acker has so far given no sign of compromise. His plan for the workforce is designed to achieve radical cost reductions and a commensurate increase in productivity by trimming wages, cutting fringe benefits, and attacking restrictive work practices. Although this is a highly risky policy in a militant and well-organised location like New York, it is one which has worked elsewhere; and it is the final step in a programme which Mr Acker embarked on when he was hired by Pan Am to ensure its long-term survival.

Pan Am's present round of troubles go back to its takeover of National Airlines in 1979. National's position in the U.S. market was meant to bring the airline a broader product base, complementing Pan Am's own strength on international routes. Instead, National brought nothing but trouble. Its routes needed reorganising, the acquisition saddled Pan Am with debt, and then the U.S. market began to deteriorate under the combined effects of the recession and deregulation. Pan Am has made no money at all in the last four years, losing a combined total of $760m and seeing its net worth decline from around $800m to less than $200m by the end of 1984, according to some Wall Street estimates.

PAN AM has told more than 2,000 pilots and flight attendants to cross picket lines set up by striking ground crews or risk losing their jobs. "These employees are still on the payroll and we expect them to show up for work," said Mr Jeff Kriendler, a Pan American World Airways vice-president.

***Most of the airline's 19,000* hourly employees have honoured picket lines during the week-old strike by members of the Transport Workers' Union, he said. More than half of them have been laid off for at least the duration of the walkout, and 700 food workers represented by the TWU had their jobs abolished when Pan Am sold off its kitchens on the second day of the strike.**

The strike has forced the airline to cancel its 165 daily domestic flights and more than half its 34 scheduled international departures from U.S. gateway cities.

Mr Acker came in with a three-point strategy. First, he reorganised the route structure, drastically cutting back in the U.S. to focus on higher margin international business. Routes in the U.S. are now primarily organised to serve as feeders to the overseas lines.

Secondly, he continued a policy of raising cash from a mixture of asset disposals, aircraft sales and debt issues.

Finally, and most importantly he is now planning to establish a lower cost operation for the future based on an up-to-date, fuel-economic fleet, and a cheaper workforce. The huge Airbus order placed last year is designed to give the company a fully rationalised fleet by the late 1980s, but, to go with it, Mr Acker has been insisting on substantial wage concessions—indeed, he says that the final signature on the contract is contingent on a satisfactory agreement with the trade unions.

Over the past three years, Pan Am has already recieved some hefty concessions from the unions in the form of wage and salary concessions. But it argues that more are still needed. The appearance of the low-cost People Express and Virgin Atlantic on the transatlantic route is maintaining the pressure on the company, and even by the standards of some of the older, established airlines, Pan Am seems to have a high cost structure. In the first nine months of last year, wage and salary expenses are reckoned to have amounted to about 34 per cent, according to a recent Morgan Stanley study, perhaps three or four percentage points more than some of its competitors.

If Mr Acker had managed to push through his cost reductions without a strike, he would have raised hopes of making some sort of profit this year. As it is, he may have to abandon hopes of short-term gain in the interests of longer term viability. The key to his strategy is Pan Am's large liquid resources (more than $400m in cash and $200m due from the sale of aircraft), which he can use to sit out a strike while keeping a skeleton service going.

The big danger is that a prolonged strike could severely damage Pan Am's summer season. The group was relying on this summer, with the prospect of hordes of dollar-happy Americans flooding across the Atlantic, to maintain its substantial cash cushion. But strikes hit public confidence, marketing ability and morale. With precious little further scope to raise cash by disposals, Pan Am's showdown with the unions is, as one analyst puts it, "for real."

WORLD TRADE NEWS

Simon Engineering in technology transfer pact with Chinese

BY CHRISTIAN TYLER IN SHANGHAI

SIMON ENGINEERING, the British plant contractor and machinery maker, signed agreements heer yesterday that could lead to the group's first equity investments in China, and which will also involve technology transfer for food processing equipment.

Apart from any commercial gains, the accord has the political value of demonstrating British willingness to meet China's insistent demands for import-saving partnerships with foreign companies.

British readiness to invest money and technology was stressed by Lord Young, leader of the high level trade mission now in Shanghai, when he met Zhao Ziyang, the Chinese Prime Minister, in Peking on Monday.

Simon's food division, Simons-Rosedowns, wants to set up one or more equity joint ventures with the big Shanghai Food Bureau. Among possible projects are a flour mill, a cooking oil plant and a food processing machinery factory.

Under the deal, the Peking Grain Bureau has ordered a complete soyabean processing plant to be built near Peking.

The plant process will comprise pretreatment, solvent extraction and refining of the extracted oil. Simon-Rosedowns engineers will supervise erection during the latter part of 1985.

The company has also concluded a technology-transfer agreement with the China National Agricultural Machinery Import and Export Corporation for the local manufacture of ments here yesterday that could presses to extract oils from oilseeds.

The deal, worth £2.5m, brings to £20m the company's orders in China over the past 18 months.

The group's chairman, Mr Harry Harrison, yesterday also discussed a £10m-plus possible contract for grain handling equipment on the Shanghai docks. Simon recently won similar orders in the northern cities of Dalian and Tianjin.

Although attracted by some profitable-looking ventures, the company has still to resolve the perennial question of how to get hard currency income for exportable products from a local operation selling to the domestic market.

There were hints yesterday, however, that foreign exchange could be made available from the Food Bureau's own export sales.

Washington-Tokyo trade tensions increasing again

BY STEWART FLEMING IN WASHINGTON

BARELY two months after President Ronald Reagan and Japan's Prime Minister, Mr Yashuhiro Nakasone, sat down in Los Angeles optimistically to launch a new round of U.S.-Japan trade talks, U.S. negotiators are signalling that trade tensions between the two countries are, if anything, on the rise again.

Over the past two weeks, Mr Malcolm Baldrige, the Commerce Secretary, announced cancellation of a planned trip to Tokyo by Mr Lionel Olmer, the Commerce Under-secretary.

The fact that he eventually went and is there this week to push for improved access of U.S. companies to the Japanese telecommunications market, does not diminish U.S. aggravation over the slow progress of market-opening talks with the Japanese.

The U.S. and Japan are working against an April 1 deadline in these talks for, by then, the Japanese Government will have finalised the regulations governing the role of foreign corporations in selling to the newly-privatised state telecommunications concern Nippon Telegraph and Telephone.

Separately, Mr Daniel Amstutz, the Agriculture Under-Secretary, unleashed a blast at America's negotiating partners saying he was returning early to the U.S. from Tokyo because of slow progress being made in parallel talks on improving U.S. wood products producers' access to the Japanese market.

Then, Mr William Brock, the President's Trade Representative, criticised Japan for dragging its feet in signing a voluntary restraint agreement to curb steel exports to the U.S.

The steel agreement is seen as a keystone to a series of such pacts which Mr Brock concluded in recent months with countries such as South Korea and Mexico.

Even the President made sure he did not miss a chance to turn up the political heat by announcing last week that the U.S. would not insist that Japan continues to curb its car exports to the U.S.

He said he hoped Japan would reciprocate this free trade gesture in the current negotiations to remove Japanese barriers to U.S. exports of telecommunications, electronics, pharmaceutical and forest products.

The President's decision to allow the car quota arrangement to lapse was made in part, however, on the assumption that the Japanese Government would not permit its domestic manufacturers to flood the U.S.

To what extent Japan will be able to curb its car exports is another question.

The salvo of public state- is seen in Washington as posturng, designed perhaps to impress Congress, affected U.S. industries or the Japanese. Some officials privately suggest that the decision to call off Mr Olmer's trip (he subsequently departed for Tokyo last Sunday, a week late) and Mr Amstutz's outburst were measures more of the frustration U.S. officials feel at the seemingly insoluble $123bn (£111bn) overall trade deficit.

Those frustrations nothwithstanding the U.S. Japanese trade relationship is rapidly becoming one of the most bitter and fraught political debates

The Journal of Commerce, the U.S. business daily, reported last week that both Mr Richard Lugar, the Senate Foreign Relations chairman, and Representative John Dingell, who chairs the House Energy and Commerce Committee, are considering support for a proposed import surcharge on Japanese products.

Fully $37bn of the U.S. trade deficit was with Japan, up from $22bn in 1983.

U.S. exports to Japan have risen by 12 per cent since 1980, and there have been significant gains in U.S. exports of electronic components, data processing equipment and chemicals, despite the dollar's rise.

These, however, have been offset in trade balance terms by sharp declines in U.S. exports of coal and some cereals.

The U.S. response has been to argue that its exports to the Japanese markets, particularly certain key hi-tech markets such as telecommunications, would be much greater were it not for those contentious artificial trade barriers.

But some officials doubt U.S. exports to Japan could be increased enough to make much impact on a bilateral trade deficit which, could rise to $40bn this year.

Instead, regardless of this weeks talks in Tokyo, trade frictions with Japan seem destined to intensify.

This will inflame the trade debate within the U.S. which is taking on an increasingly chauvinistic tone.

SOME LEADING U.S EXPORTS TO JAPAN ($m)

	1980	1984
Total exports	20,683	23,173
Corn and maize	1,632	1,999
Oilseed/fruit	1,134	1,190
Aircraft and spacecraft	1,089	1,079
Coal and lignite	1,317	865
Wood	1,303	642
Data equipment	616	1,181
Measuring instruments	376	566
Pharmaceuticals	327	554
Electronic components	189	504
Telecom equip.	138	224

U.S. encouraged by telecommunications talks progress

THE U.S. is "encouraged" by progress made in some areas of its telecommunications negotiations with Japan but feels "a great deal" remains to be done in those areas most likely to be of interest to U.S. companies. **Jurek Martin reports.**

This assessment was offered in Tokyo yesterday by Mr Lionel Olmer, U.S. Under-Secretary of Commerce, following the latest round of talks. He will return to Tokyo again next week.

A key date for both sides is April 1, when Japan is to enter a new, more liberal telecommunications era highlighted by the re-emergence of the state monopoly, NTT, as a private company.

Mr Olmer emphasised, however, that U.S. vigilance over Japanese telecommunications practices would be required after April 1.

The plus side of this session, according to Mr Olmer, includes:

- "positive reaction" by the Japanese Ministry of Posts and Telecommunications (MPT) to U.S. concerns about NTT cross-subsidies;
- "a degree of assurance" by MPT that U.S. telecommunications equipment can receive so-called "type approval," rather than the more cumbersome and protracted lot inspection or product-by-product approval:
- "some initial degree of responsiveness" by MPT to the notion that U.S. companies could participate in the setting of Japanese technical standards.

Mr Olmer's major concern was that the market in what are known as Type Two Special VANS — sophisticated, but secondary, communications networks—would not in practice be free from government intervention "which will have the effect of regulation."

Though he said that Japan had overcome one earlier obstacle by providing the U.S. side with details of the ordinances of the new laws, there was still uncertainty as to how Japan proposed defining Type Two Special VANS and whether any U.S. objections to the Japanese definitions would be taken into account in the next three-and-a-half weeks.

In a separate interview, an MPT official stated that "we are not engaged in diplomatic negotiations" with the U.S. and that it was up to Japan, not the U.S., to formulate policy.

But he conceded that some of the ordinances could be "adjusted" in the light of U.S. arguments.

Mr Olmer highlighted the problem of attitudes to Special VANS as "the area in which we have the remaining biggest degree of difference."

Channon backs BAe drive for Iberia contract

BY TOM BURNS IN MADRID

MR PAUL CHANNON, Britain's Trade Minister, yesterday backed up a British Aerospace promotion drive for a key Iberia Airlines contract with a call on the Spanish authorities to buy from the EEC.

British Aerospace is seeking a Pta 120bn (£603m) contract to replace the Spanish national aircarrier's 30 unit DC-9 fleet with the BAe-146.

Mr Channon, in Barcelona on the third day of a fact-finding trip of Spain, said it would be "a great help to Spanish-EEC relations," if Iberia were to buy the British aircraft.

Spanish authorities were faced with a direct choice between buying from within or from outside the Community, he declared.

The British Minister has held meetings in Madrid with the Minister of Industry and with officials of the state holding company, INI, which owns Iberia. Mr Channon refused to comment on the state of negotiations between Iberia and British Aerospace.

A feature of the British offer is understood to be a considerable degree of co-operation between British Aerospace and the Spanish aircraft company, Casa.

McDonnell-Douglas, the builders of the DC-9, is also bidding for the contract and is offering the MD-80, an elongated and fuel-saving version of the DC-9. Boeing is, meanwhile, promoting the 737-300.

Iberia officials, meanwhile, stress that the airline is in no hurry to replace its DC-9 fleet which is still in theory operational for a further eight years.

U.S. Customs Service eases rules of origin

BY MARY DUNNE IN WASHINGTON

THE U.S. Customs Service has announced its final version of "rules of origin" regulations which ease "only slightly" the original controversial ones issued last sumer and applying to textile imports.

At the same time, the service is reported to be planning to broaden restrictions on U.S. imports by extending country-of-origin rules to products other than textiles.

Under the final textiles rules, imports will be counted against the quota of the foreign country where the textiles "last underwent a substantial transformation."

In a small concession to the hundreds of complaints against the regulations, Congress cited as "substantial transformation" the sewing and/or tailoring of pieces of apparel made into a completed garment.

The change, however, is not likely to affect textile imports from Hong Kong and China, the two countries which have complained most about the rules. Both asked that the looping together of knitwear be considered a substantial change.

Talks between the U.S. and Hong Kong last month broke up with no progress on the textile dispute. A second round of talks is scheduled for next month.

Although the Customs Service has yet to make public its proposal for changes to "rules of origin" for other types of goods, it has already come under attack from Mr William Frenzel, a Minnesota republican in Congress and an influential member of the House Ways and Means Trade Sub-Committee.

The sub-committee has sent Customs a series of questions about its proposals and expects some answers in the next few weeks.

AP-DJ reports from Washington: The U.S. Commerce Department, in a series of final rulings under the Countervailing Duty Act, ruled yesterday that penalty duties should be imposed on imports of textiles and apparel products from four countries.

The U.S. agency found that Sri Lanka and Argentina have been subsidising exports of both textile mill products and apparel.

Thailand escaped penalty duties on textile exports by renouncing the use of export subsidies on textile mill products. But apparel imports from that country will be subject to penalty duties, the Commerce Department said.

Meanwhile, the department ruled that textile imports from Peru also will be subject to U.S. countervailing duties to offset Peru's export subsidies.

Sales of ships for scrap show jump of 64%

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD shipowners continued to send more tonnage to the scrapyards last month with a 64 per cent jump in sales for demolition recorded over February, 1984, Oslo shipbroker Fearnleys said.

The figures come amid growing efforts to boost the scrapping rate. The London-based International Maritime Industries Forum (IMIF), grouping leading companies in the sector, last week announced a $100m (£91m) scheme to boost demolition.

Agreement was reached in Hong Kong this week at a meeting arranged by the IMIF that moves to increase scrapping were needed.

Present were representatives from European, Japanese and South Korean shipbuilding companies, as well as Hong Kong shipowners.

The February scrap sales brought the volume of world shipping sent to shipbreakers, mostly in the Far East, up to 7.6m deadweight tons in the first two months.

The Chinese New Year celebrations did not cause the expected lull in the market, with demolition yards in both China and Taiwan actively buying surplus ships.

The February total was 4.1m dwt compared with 3.5m dwt in January and 2.5m dwt in February, 1984. Seven VLCCs (very large crude carriers) were sold last month, with Taiwan and South Korea taking two each, and China three.

The increasing pace of demolition reflects the continued malaise in most shipping markets, as too many ships — many ordered when freight rates were higher or to take advantage of recent low shipyard prices — chase too little cargo.

OVERSEAS NEWS

Setback for Congress I in Indian state polls

By John Elliott in New Delhi

MR RAJIV GANDHI, India's Prime Minister, suffered the first major setback of his new political career yesterday. His Congress I Party performed less well than had been expected in provincial assembly elections for two southern and western states, losing in Karnataka and facing a tough battle in Maharashtra.

As expected, Congress I lost for the second time running in the southern state of Andhra Pradesh and it was roundly defeated in the small north-eastern state of Sikkim.

But in the other eight assembly elections of the past few days the Congress I has done well in states such as Uttar Pradesh, Gujarat, Madhya Pradesh, and Rajasthan, holding on to power and in some cases improving on the results of the last provincial polls.

The results in the southern and western states mean that Mr Gandhi will immediately have to come to grips with the complex subject of relations between his own Congress I central government and states where opposition parties are in power.

Mrs Indira Gandhi, his mother and India's late Prime Minister, used to try to oust such governments from power and did little to meet requests for more economic powers to be vested in the states.

Mr Gandhi has indicated up to now that he does not intend to follow such an aggressive path.

The results demonstrate graphically the split between the northern Hindi-belt states, where Congress I is winning comfortably, and the south where regional forces have been gaining ground in recent years.

Overall the results do not match the landslide victory with which Mr Gandhi won India's general election at the end of December.

In Karnataka the Janata Party has won control, in a convincing victory for Mr Ramakrishna Hegde, its chief minister who has governed with support from other opposition parties for two years. This result was calculated by Indian television to show a swing of 7 to 8 per cent away from Congress I since the general election.

Anzus treaty

ASSISTANT Secretary of State Paul Wolfowitz today denied the U.S. and Australia planned a defence treaty excluding New Zealand, Reuter reports from Kuala Lumpur. Wolfowitz, who has responsibility for Asia and Pacific affairs, said the U.S. believed the Anzus defence treaty with Australia and New Zealand was still a sound framework for security co-operation.

Hussein, Mubarak meet to discuss peace effort

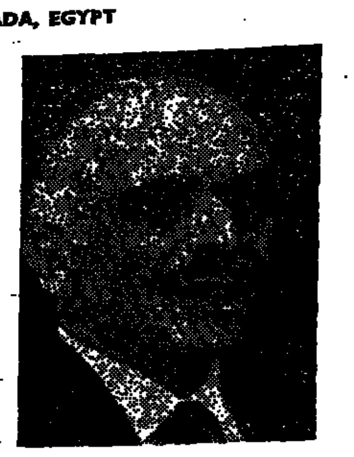
BY TONY WALKER IN HURGHADA, EGYPT

PRESIDENT Hosni Mubarak of Egypt and King Hussein of Jordan yesterday met to discuss their joint effort to revive the Middle East peace process. Their talks, however, showed the two leaders' differences of approach towards settling the Arab-Israeli conflict.

Following a summit meeting between the two leaders before Mr Mubarak's visit to Washington next week, it emerged that there was a distinct difference in approach between Cairo and Amman on how to renew peace talks.

Mr Mubarak favours as a first stage direct discussions between the U.S., Israel and a joint Jordanian-Palestinian delegation, followed by discussions involving the Israelis which would be aimed at convening an international conference.

On the other hand, King Hussein appeared to insist on a more formalistic approach based on his agreement last month with Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO), which called for an international conference involving all Middle Eastern parties and the five permanent members of the UN Security Council.



King Hussein: a more formalistic approach

Mr Mubarak also appeared yesterday to have retreated from earlier suggestions that a Palestinian delegation need not include official PLO leaders, a notion rejected out of hand by the PLO.

Nevertheless, King Hussein told a joint news conference at this Red Sea resort south-east of Cairo that he gave qualified endorsement to Mr Mubarak's attempts to promote a dialogue to include the U.S. and he called on the U.S. actively to support attempts to revive negotiations.

Declaring that the current Middle East peace attempts represented a "last chance" to settle the generation-long Arab-Israeli conflict, King Hussein said: "It is up to the U.S. as a superpower to assess and come to the conclusion there is a narrow window of hope for solving the conflict."

He said: "I believe this may be the last chance, in fact this is the last chance."

● Mr Arafat is expected to meet King Hussein again soon following recent agreement on changes to their joint peace initiative, PLO sources told AP in Tunis yesterday.

They insisted that there was a "permanent dialogue" between the PLO and the Jordanian Government.

A PLO spokesman said on Tuesday that Jordan had agreed to two important changes in the agreement, although it has been noted that there has been no official comment on the issue from Amman.

Queensland move to outlaw strikes assailed

By Michael Thompson-Noel in Sydney

MOVES BY Sir Joh Bjelke-Petersen, the Premier of Queensland, to outlaw strikes in the Queensland electricity industry, and to limit the power of the Queensland state industrial commission, were bitterly criticised yesterday by trade unions and opposition leaders.

Queensland recently suffered a two week power strike, which further damaged its ailing economy. Hopes for an arbitrated settlement of claims for reinstatement by 920 sacked power workers have now evaporated.

Union leaders said Sir Joh was attempting to stifle the union movement, and that plans to outlaw strikes in the power industry would be strenuously resisted.

● Four Frenchmen appeared in a Brisbane court yesterday, charged with the attempted shipping of at least 90 guns, plus ammunition, to Noumea, capital of the troubled South Pacific island of New Caledonia.

The court was told the guns were destined for French settlers, to aid their campaign against the indigenous Kanaks, who support independence from France. The men were remanded in custody.

● France's special envoy to New Caledonia, M Edgard Pisani and M Jean-Marie Tjibaou, leader of militant independence-seeking Kanaks, held secret talks yesterday as police continued to raid militant strongholds, Reuter reports from Noumea.

UN peace force Americans withdrawn from Lebanon

BY DAVID LENNON IN TEL AVIV

THIRTY AMERICANS working for the UN peacekeeping forces in southern Lebanon have been evacuated to Israel because of fears for their safety following warnings that they had become targets of the Shi'ite guerrillas.

The U.S. embassy said the American citizens were both UN observers and administrative staff with Unifil which polices part of southern Lebanon.

Two Lebanese guerrillas were killed and a third wounded and taken prisoner yesterday in a clash with Israeli forces at Sir, near Nabatiya.

The Israeli forces conducted searches in the region where there have been a number of attacks on the Israeli-backed South Lebanese Militia in recent days.

The number of atacks on Israeli forces has risen in the past two weeks, despite the Israeli "iron fist" policy of harsh collective punishment against the Shi'ite villages in an attempt to crush the resistance to the occupation.

Meanwhile, six Palestinians were injured on the occupied West Bank when Israeli troops searched the village Si'ir beside Hebron after a hand grenade was thrown from the village at a border police patrol. A curfew was imposed on the village.

● The Lebanese pound closed on local markets yesterday at a record low between 18.65 and 18.30 to the U.S. dollar, losing nearly 10 per cent of its value in a single day, AP reports from Beirut. In times of peace, the pound had traded at three or four to the dollar.

China rejects Sihanouk plan

BY OUR FOREIGN STAFF

CHINA yesterday curtly rejected Prince Norodom Sihanouk's plan for a conference without preconditions of parties to the Kampuchean dispute as Thailand threw infantry, artillery and fighter-bombers into battle against Vietnamese troops who crossed its border from Kampuchea.

Ma Yuzhen, information director of the Chinese Foreign Ministry, reiterated in Peking that Vietnam must withdraw its troops from Kampuchea before any negotiations could take place.

The Chinese stand is an unusually firm, if predictable rebuff to Prince Sihanouk.

Thai Air Force jets strafed three hilltops in Thai territory to flush out Vietnamese troops attempting to launch a rear attack on a Kampuchean resistance camp, a Thai army spokesman said.

Thai forces later found the bodies of 60 Vietnamese soldiers on hilltops they had tried to seize in order to encircle Tatum, the headquarters of forces loyal to Prince Sihanouk.

POLITICAL BAN LIFTED ON 14 TOP DISSIDENTS

Door opened for S. Korean opposition

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREAN President Chun Doo-Hwan yesterday took a broad step toward opening up the country's domestic political process when he lifted a ban on the political activities of 14 of the nation's top political leaders—including Kim Dae-Jung, Kim Young-Sam and Kim Jong-Pil, the three leading contenders for the presidency in 1980.

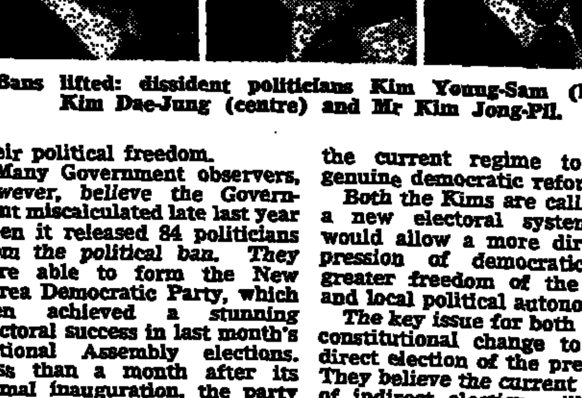
Freedom for Mr Kim Dae-Jung, widely regarded as the most serious political threat to Mr Chun, is still incomplete. Under the terms of a suspended sentence for sedition, he will still be barred from participating in the nation's formal political institutions, particularly political parties. But Mr Kim will be free to move about, and apparently will be free to speak publicly and attend political rallies.

His photograph appeared on the covers of all the afternoon daily newspapers in Seoul, smiling and shaking hands with Mr Kim Young-Sam. It was the first time the two men had met in nearly five years, and it was the first time in as long that the photograph of either man was allowed to appear in the South Korean news media.

The new easing towards political freedom appears carefully timed to coincide with President Chun's forthcoming visit to Washington.

Yesterday's lifting of the political bans brings nearly to an end a difficult chapter in South Korean democracy. Mr Kim Dae-Jung was arrested in May 1980 and sentenced to death for sedition. This was later commuted under U.S. pressure to a prison term. In November of the same year, the Government imposed a formal ban on 567 political leaders and Government critics. Mr Kim was, again because of U.S. pressure, allowed to travel to the U.S. for medical treatment.

The bans were lifted in stages beginning in 1983, and yesterday, the final 14—the ones best able to strongly challenge the Government — finally received their political freedom.



Bans lifted: dissident politicians Kim Young-Sam (left), Kim Dae-Jung (centre) and Mr Kim Jong-Pil.

Many Government observers, however, believe the Government miscalculated late last year when it released 84 politicians from the political ban. They were able to form the New Korea Democratic Party, which then achieved a stunning electoral success in last month's National Assembly elections. Less than a month after its formal inauguration, the party won nearly 30 per cent of the popular vote, campaigning on a staunch anti-Government platform.

As one diplomat put it: "The cat had been let out of the bag, and the Government decided to bow to the inevitable and allow the true leaders of the opposition to come into the open."

A presidential spokesman said Mr Chun decided to lift the ban to "foster national reconciliation" and to "promote a freer and more open society."

Mr Kim Dae-Jung yesterday called the move a "starting point for democracy." But he added that the lifting of the ban would be meaningless unless the Government declared an amnesty for himself and other political offenders and fully restored their political rights.

Mr Kim Young-Sam was also lukewarm about the restoration of rights. "I do not regard the ban-lifting as any basic change for democracy, and I again urge the current regime to allow genuine democratic reform."

Both the Kims are calling for a new electoral system that would allow a more direct expression of democratic will, greater freedom of the press, and local political autonomy.

The key issue for both men is constitutional change to allow direct election of the president. They believe the current system of indirect election will allow the military to engineer the election of another retired general in 1988, when Mr Chun's term of office expires.

Mr Kim Dae-Jung said that the elections showed that the people of Korea are opposed to the "present military dictatorship."

The two Kims are expected to push very hard on the single issue of constitutional revision, but many government officials are privately confident that factionalism will quickly prevent the two men from working together. Observers believe that allowing Mr Kim Young-Sam to receive his full political rights before Mr Kim Dae-Jung may be a calculated strategy on the part of the Government to cause dissension by encouraging Mr Kim Young-Sam to seek to achieve a strong grip on the New Korea Democratic Party.

Mr Kim Dae-Jung yesterday refused to speculate on the government's motives but he did say that "Mr Kim Young-Sam and I are not persons to be easily manipulated by the Government."

Some expect that, in order to promote unity in the opposition, Mr Kim Young-Sam might refrain from seeking direct leadership of the party and continue to work from the sidelines.

Mr Kim Dae-Jung also reiterated a moderate attitude towards the government that he has continually shown since returning from his U.S. exile last month. He would not say definitely whether he would abide by government restrictions on his joining or participating in political party activites.

"I am watching the government very carefully," he said. "If the present Government is committed to democracy, I will co-operate to stabilise the political situation. I am willing to have a dialogue with governmental leaders because that will be in the interests of both sides."

The Government also has not said whether it would meet directly with Mr Kim Dae-Jung or Mr Kim Young-Sam, but the Ministry of Information yesterday did not rule out the possibility.

● South Korea's biggest coal mine resumed normal operation yesterday after miners returned to work following a four-day sit-in, a mine spokesman told Reuter in Seoul.

About 500 miners and their wives on Tuesday barred other workers from the mine in the eastern town of Changsong, which last year produced more than 10 per cent of the country's coal. They were pressing for free trade unions, which are virtually powerless in South Korea.

The spokesman for the Daihan Coal Corporation said that the protestors ended their demonstration after mine owners pledged to honour the workers' demands for direct election of their union leaders.

Shell to cut workforce at refinery by 1,000

BY DOMINIC LAWSON

SHELL UK is to shed 1,000 jobs over the next two years at its Stanlow refinery in Cheshire, north-west England. The move comes only five months after Shell announced the imminent closure of its Teesport refinery in north-west England with the loss of 590 jobs.

Stanlow is the largest of Shell's two remaining refineries. It processes 10m tonnes a year of crude oil and other feedstocks, 2m tonnes a year below capacity.

Mr Peter Brown, the manager of the Stanlow refinery, said yesterday: "Demand for oil products in the UK has dropped by 35 per cent over the past 10 years and is most unlikely to rise again. Both the oil manufacturing and marketing sector, and the chemical sector, of Shell UK are currently not earning their keep."

He added that Stanlow was "very costly to operate and has too many facilities for today's business."

Shell later hinted that this was not the end of the rationalisation process at Stanlow. It described yesterday's move as "the first phase of a continuing process."

The Stanlow workforce is at present 3,300. Shell estimates that the loss of 1,000 jobs will save about £20m a year in operating costs. Shell believes that the across-the-board reductions in the labour force can be achieved by "normal wastage and selective voluntary severance." The company said that it hoped that compulsory redundancy could be avoided.

Unlike many other refineries in the UK, Stanlow has no deep-water jetty to enable direct loading from tankers. Its crude oil must come via pipelines, which, Shell said, inflicted "a built-in cost penalty."

Over the past five years there have been 15 refinery closures in Europe, of which five have been in the UK. Although the UK has lost refining capacity of 47.5m tonnes a year, the country still suffers from excessive capacity.

Nevertheless, no other UK refineries are *thought to be* earmarked for early closure. The rationalisation is more likely to come from the kind of productivity drive announced yesterday by Shell.

The Shell cutbacks followed a review of working practices and costs at Stanlow, which produces a wide range of oil and chemical products, mainly for the UK market.

● Leaders of the manual workers' unions said the job cuts were "disastrous" and would be considered by union officials at the plant at a meeting tomorrow, **Brian Groom** writes.

Mr Peter Leverton, divisional officer of the Association of Scientific, Technical and Managerial Staffs, said he would protest to the company about the scale of the reductions in an area which had 30 per cent unemployment.

Price of cement to increase by 4.5%

CEMENT PRICES in Britain are to rise by 4½ per cent from June 1 this year. It will be the first increase for three years.

The rise was decided at a meeting of the Cement Makers' Federation – the cartel composed of Britain's three big cement producers, Blue Circle, Rugby Portland Cement, and Rio Tinto-Zinc.

The federation said yesterday: "We have made improvements in efficiency, but the point had come when we could absorb the increased costs no more."

Asked whether the increase would make the UK industry more vulnerable to cement imports, the federation said that only 1 per cent of the market in mainland Britain was taken by imports. That was chiefly bagged cement from Poland and East Germany rather than bulk cement.

"Northern Ireland is where the bulk imports are, taking 23 per cent of the market, and our price rise is not effective in Northern Ireland."

Cement companies' shares have been rising strongly on the strength of the increase.

The increase is a blow for hard-pressed construction companies whose work loads are low. One third of the industry's workforce is unemployed and it is estimated by the Federation of Civil Engineering Contractors that the industry is working at only half capacity.

Market Reaction, Section III

□ **MR RON HANCOCK,** *former* chairman of Leyland Vehicles, truck and bus subsidiary of state-owned BL, was acquitted of a charge alleging "insider" share dealing.

The prosecution had alleged that Mr Hancock bought shares in Suter Electricals when he knew that its takeover of Prestcold, BL's former refrigerator subsidiary, was being contemplated. Mr Hancock's defence told a London magistrate's court that he had acted on an "inspired guess."

□ **THE DEPARTMENT** of Trade and Industry is to start work on a code of practice which will tell retailers which types of price promotions will be legal in future.

The code is part of the Government's planned legislation to ban *misleading price comparisons.*

The Retail Consortium, which represents most of Britain's retailers, is in favour of the principle of ending unfair price comparisons. But it wants to ensure that the code of practice does not inhibit legitimate promotions.

□ **LAZARD** Brothers, the UK merchant bank, has teamed up with the West Midlands Enterprise Board to launch a unit trust designed to attract pension fund money to investments in regional companies.

The board *expects the West Midlands* Regional Unit Trust to attract between £6m and £10m. It has provisionally committed itself to investing more than £3m in local groups.

The fund will be aiming for long-term capital growth through equity investment – normally more than £100,000 – in unquoted companies. These will take up about 70 per cent of its portfolio, with the rest made up by investments in local quoted companies with market capitalisations of less than £40m.

□ **ICL**, the UK-based computer manufacturer, launched a series of hardware and software products designed for the "network office," where word processing equipment can communicate easily with personal computers and mainframe computers.

*Progress in office automation to*wards the "electronic office of the future" has been hampered by the inability of most of these separate components to "talk" to each other, even when manufactured by the same supplier.

MPs' COMMITTEE CHALLENGES GOVERNMENT OVER INTEREST RATES

Stance on pound 'implausible'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT should be franker about its views of the relationship between interest-rate and exchange-rate policies, the all-party Treasury and Civil Service Committee of MPs said yesterday.

In a report on the Government's exchange-rate policy, the MPs said it was becoming increasingly implausible for the Chancellor of the Exchequer to maintain that the Government had no target or floor for sterling.

That position was not compatible with the Prime Minister's statement in January that sterling was undervalued and that she would like it to rise.

The committee added: "There would seem to be some case for the Chancellor to announce that the Government does from time to time have a target or floor for sterling, but . . . it should not be published."

In reviewing the events that led to the sharp rises of interest rates in defence of the pound, the committee said it was not impressed with the official explanation that interest rates had to rise because domestic monetary conditions were too loose.

If monetary conditions had been too loose, it could not understand why the authorities permitted interest rates to fall again a few weeks later.

"If there has never been a target or preferred band for the exchange rate, we have great difficulty in seeing how the Government can possibly use the exchange rate as an indicator of domestic monetary conditions."

The committee said it favoured co-ordinated intervention in the foreign exchange markets by the major countries to influence exchange rates. It was not clear about the precise intention behind the recent agreement of the five powers in Washington in January to pursue a more vigorous intervention strategy.

In evidence to the committee, Mr Nigel Lawson, Chancellor of the Exchequer, had seemed to be saying that action was warranted because of the high level of the dollar, "but he went on to comment on two-way risks in foreign-exchange dealings, thus implying that the agreement related to concern about disorderly markets."

The committee said *it favoured* more co-ordination of economic and financial policies between the leading powers, to prevent exchange rates from becoming fundamentally misaligned.

However, it recognised that countries had been reluctant to attempt a serious effort to co-ordinate *their* policies beyond the ambition of attaining sound "non-inflationary growth."

The Treasury said yesterday that the Chancellor believed the dollar was clearly overvalued because of the unsustainable U.S. budget and current-account deficits, and that was a judgment shared by most members of the Group of Five leading industrial nations.

Fifth Report of Treasury and Civil Service Committee – Exchange-Rate Policy. (HMSO £3.75)

Mr Nigel Lawson: 'two-way risks in foreign exchange dealings'

Metro car outsells competitors

By John Griffiths

THE METRO was the UK's best-selling car last month, helping Austin Rover, the BL subsidiary, to *raise its market share to 18.1 per* cent – from 16.1 per cent the previous February. It was the only one of the UK's "big three" producers to increase its sales volume so far this year.

Vauxhall/Opel, the General Motors' subsidiary, remained ahead of the BL company in market share for the third month in succession. Austin Rover's Montego and Maestro cars were only just in the best-selling "top 10," in ninth and 10th places respectively.

Ford remained the market leader with *28.03 per cent, an improve*ment on its February performance last year when it had 26.18 per cent.

So far this year Austin Rover has achieved an 8 per cent growth in volume sales in a total market which, for the first two months, is down 3 per cent compared with the same period last year – from 325,672 to 315,181.

Ford's volume so far this year is down 7 per cent and Vauxhall's is down 4 per cent.

Peugeot/Talbot's market share in the year to date is 5.59 per cent, compared with 4.19 per cent in the same period of 1984. Nissan is having an exceptionally poor start to the year. For the second successive month, its share has been less than 3 per cent, about half its customary level.

Lucas Girling strike threatens car output

BY JOHN GRIFFITHS

LUCAS GIRLING, the brake components manufacturer said last night that talks were continuing with the workforces at two plants in South Wales, where a nine-day-old *strike by 2,900 workers threatens to* halt production of Jaguar cars and Austin Rover's Montego and Maestro models from next week.

The strike has already led to Jaguar laying off 1,000 employees at its Radford axles and engines plant at Coventry for half a day because of shortages of brake components. It has also resulted in Austin Rover's management warning Girling that it is actively considering an alternative supplier for the components.

Mr Harold Musgrove, Austin Rover's chairman, has frequently in the past held out the threat of alternative sourcing, usually abroad, as a lever to seek improved performance from UK suppliers.

The indications from within Austin Rover last night were that it is taking the potential disruption very *seriously.*

A spokesman for Jaguar said: "We cannot allow the future of the company to be put at risk by actions in which Jaguar is not involved. In the event of any supplier being unable to meet our delivery requirements, we too will look elsewhere."

The strike is over pay rates and involves Lucas Girling's plants at Cwmbran and Pontypool, South Wales. They produce a variety of brake components, for which the principal customers are Austin Rover and Jaguar. Austin Rover is understood to receive supplies worth £10m a year from the plants.

A Lucas Girling spokesman said: "Talks on the dispute are continu*ing. Everything is being done to* achieve an early resumption of work."

At present, the Jaguar and Austin Rover plants are working normally, but both companies have given a warning that they will have difficulty maintaining production next week if the strike continues. The situation at Austin Rovers's plant at Cowley, Oxford, was described as being "on a knife edge."

If the strike is not halted, neither company has the option of switching straight to an alternative supplier because the components being supplied, such as brake calipers, are designed for specific models.

Ford has a dual-sourcing policy on such parts and is unaffected; it is increasing its supplies from Robert Bosch of West Germany.

Austin Rover uses other brake part suppliers, notably Automotive Products, for other models in its range, but for the past few years it has followed a policy of single-sourcing wherever possible on specific components, in order to allow individual suppliers maximum economies of scale.

A notable example of this was to give its batteries business, previously shared between Lucas and Chloride, exclusively to Chloride. However, as the Girling strike is now demonstrating, the policy carries risks as well as opportunities.

Servis falls victim in Europe's home appliance industry battle

Ian Rodger reports on how British washing machine maker, Servis, became the latest victim of the shake-out in the industry across Europe.

THE DEMISE of Servis, Britain's third largest washing machine maker, has come as no surprise in the highly competitive domestic appliances industry.

The industry has been struggling for years with the effects of excess capacity throughout Europe, and companies lacking strong capital bases have had a tough time.

A shakeout has been expected, and Servis is not the first company in the sector whose future has been in doubt. Last year, Zanussi, the Italian producer, ran into difficulties and was eventually taken over by Electrolux of Sweden. Two years ago, the minority interest in Hoover of Britain was acquired by its U.S. parent after the British company had suffered heavy losses.

Servis has been struggling with financial problems since the early 1980s when its former parent company, the UK engineering group Wilkins & Mitchell ran into trouble. In 1982, Centreway Industries made a part rescue of W&M, picking up a 50 per cent stake in Servis and letting the power press making division go into receivership. The remaining 50 per cent in Servis is still held by the former W&M shareholders.

In 1983, Centreway pumped £750,000 ($795,000) into Servis but it was not enough. Late last year, *there was speculation that Servis* would make a rights issue to raise new capital or it would be put up for sale. Centreway said it had received a number of approaches, including one from an overseas company.

At first glance, it is surprising that the appliances industry, and the washing machine part of it in particular, should be in difficulty. Sales have grown steadily in the past three years and UK producers remain fairly optimistic about prospects for the current year, despite the recent rise in interest rates. Servis was reported to be trading *profitably late last year.*

The main problem is that there are too many companies chasing after the business, and many of them invested heavily in additional capacity in the 1970s. According to one UK producer, there is roughly 50 per cent excess washing machine making capacity in Europe and about 25 per cent in the UK. Inevitably, price competition is extremely keen. Average selling prices are said to have risen by less than half the rate of inflation since 1979. That means that companies have had to *cut costs to continue prospering.*

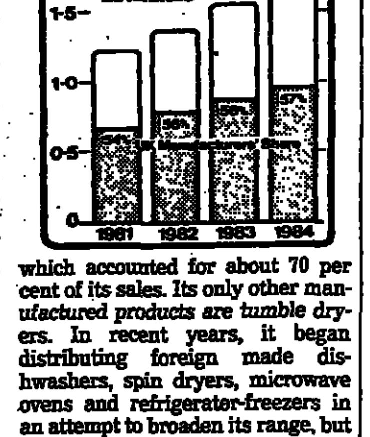
And that is where the industry's problems began to hurt Servis in particular. As a relatively small producer with a limited product range, Servis had a harder time than some of its competitors in reducing its costs. The company is in the second division of UK domestic appliance makers, with annual sales of roughly £50m. This puts it well behind the industry leaders, such as Hoover, the Hotpoint subsidiary of GEC, the Tricity subsidiary of Thorn EMI, Philips of Holland, Electrolux and TI.

Servis is also heavily dependent on one product, washing machines, which accounted for about 70 per cent of its sales. Its only other man*ufactured products are tumble dry*ers. In recent years, it began distributing foreign made dishwashers, spin dryers, microwave ovens and refrigerater-freezers in an attempt to broaden its range, but these activities would probably not contribute much in a period of intensely competitive trading.

The fall of Servis is another case of a British company making an important innovation in its sector but not being able to translate it into a major commercial success. The company was one of the first in the world to put microprocessor controls into an automatic washing machine, in 1978. Its Quartz model is still its main product.

UK AUTOMATIC WASHING MACHINES MARKET SHARES

Company	share %
Hotpoint (GEC)	27
Hoover	22
Zanussi	17
Servis	7
Creda (TI)	5



Libya to be sued over death

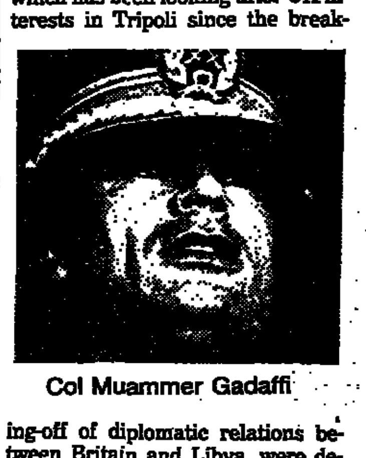
By Robert Mauthner

BRITAIN will be filing a six-figure claim with the Libyan authorities for compensation for the death and "loss of career" of Policewoman Yvonne Fletcher, killed outside the Libyan People's Bureau in St James's Square, London, in April last year.

Miss Fletcher was killed by a shot fired from the bureau while she was helping to police a demonstration by opponents of Colonel Muammer Gadaffi, the Libyan leader. The UK Government subsequently closed the bureau.

UK officials said, after the first official contacts between Britain and Libya in Rome on Tuesday, that the claim was likely to be filed within the next month.

The discussions, under the auspices of the Italian Government, which has been looking after UK interests in Tripoli since the breaking-off of diplomatic relations between Britain and Libya, were described by British officials as "frank and businesslike."



Col Muammer Gadaffi

They did not, however, lead to any noticeable improvement in the relations between the two countries. It is not yet clear whether another meeting, *as requested by* Tripoli, will take place.

The Libyans repeated their demand that Britain should take action against those whom Col Gadaffi has described as "stray dogs," namely Libyan dissidents living in Britain and other countries.

Mr Stephen Egerton, the assistant under-secretary for Middle East Affairs, who led the British delegation in Rome, was understood to have told the Libyans that the British authorities could take action against the dissidents only if they had broken UK law.

The British officials expressed their displeasure at the reported remarks by Col Gadaffi that, if other countries took no steps against the dissidents, Libya would support terrorist organisations in Europe such as the Provisional IRA.

Paper companies 'losing ground'

FINANCIAL TIMES REPORTER

OLD-ESTABLISHED companies in UK paper and packaging are fast losing ground to new producers and to imports, a study of the industry says.

The industry overall is emerging from a period of painful rationalisation and moving on to the offensive, stockbrokers Laing & Cruickshank says in its latest UK Paper and Packaging Directory.

Further specialisation by Scandinavian producers in particular has led to imports now taking between 50 per cent and 60 per cent of the UK market, it says.

In the packaging industry im*ports have been better contained,* averaging only 10-15 per cent across the market, but the number of multi-plant operators has declined while many of the bigger operators have been diversifying into other areas. The gap has been filled by smaller, more entrepreneurial companies

The report says that the move to the smaller entrepreneur in the paper market is also established. Business forms manufacturer Ken Stokes, for example, was set up only 11 years ago, and now has 10 per cent of the market. Big producers such as Reed and Mardon have in the meantime pulled out of the market entirely, while others have significantly reduced their capacity.

Throughout the industry, however, the recent bouts of rationalisation have produced new-found financial strength which is attracting *predators. Bemrose and John Wad*dington have both fought off takeover bids, but in the past couple of years a total of nine companies in the sector have been taken over.

At present, says the study, the main threat to the sector is the rise in interest rates, which threatens to choke off the recent recovery in the industry's profitability.

● UK production of polythene film rose last year by 7-10 per cent, the Packaging and Industrial Films Association (PIFA) said yesterday. Absolute volume was up by only 3 per cent, but unit growth was higher because of increased use of linear low density polyethylene (LLDPE), which can be used in smaller quantities for the same effect.

LLDPE, which is now being produced in bulk on new Saudi Arabian plant, has captured 10 per cent of the market since its first signifi*cant introduction in 1983.*

This year, says PIFA, the trend should continue, with only marginal growth in basic volume, but unit growth of 10-15 per cent as more manufacturers switch to using LLDPE.

Search for executives to head Whitehall purchasing unit

BY ANDREW TAYLOR

KORN/FERRY International, a leading executive search organisation has been asked to find candidates from the private sector to co-ordinate spending of more than £7bn a year by Government departments.

The newly-created post of head of the Central Unit on Purchasing will command an annual salary of £45,000.

The new central purchasing unit was recommended in a report by the Management and Personnel Office, responsible for Civil Service organisation, at the end of last year.

A report recommended a series of measures aimed at saving a minimum of £400m a year through more efficient purchasing. It proposed that about five people should be appointed to the purchasing unit of which at least three should be drawn from the private sector.

The unit's role would be to help co-ordinate and advise departments on spending policy. The report which was endorsed by Mrs Margaret Thatcher, the Prime Minister, recommended better training for civil servants involved in purchasing as well as recruitment of private sector managers into departments to improve buying skills.

Departments have been given until the end of this month to respond to the recommendations and submit savings targets. The head of the new unit, who will report to the Prime Minister, will be expected to agree savings targets and measure departments' performance in achieving value for money.

Short considers project for 45-seater aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT BROTHERS, the Belfast-based aircraft manufacturer, is studying the possibility of another regional or "commuter" aircraft – the Type 450, seating up to 45 passengers.

Launch costs would be about £50m. The company will only go ahead when it is satisfied that world demand would justify such an outlay with orders over the next few years of about 100 aircraft.

The 450 would be complementary to the company's existing civil aircraft types – the 330, seating up to *33 passengers, and the 360, seating* up to 36, both of which are selling well and would remain in production.

A final decision is likely to be taken later this spring, in time for a possible launch announcement at the Paris air show in early June.

If the project goes ahead, the aircraft would fly by the end of 1986 and be delivered in the third quarter of 1987.

The aircraft would be a twin turboprop aircraft, like the 330 and 360, but would have more powerful engines, and a larger wing with a stretched fuselage.

Shorts' objective would be to offer a complete family of regional and commuter-style aircraft up to 45 seats, to meet competition from such types as the Franco-Italian (Aerospatiale-Aeritalia) ATR-42.

A feature of the 450 venture would be collaboration with Embraer of Brazil, under the inter-company agreement announced last year. Embraer is also a highly successful regional aircraft builder, with its 20-seat Bandeirante and the larger Brasilia.

Both companies believe that a bigger 45-seater is necessary and are anxious to work together. At this stage, the financial and work-sharing arrangements have still to be settled.

For the longer-term, into the mid-to-late 1990s, both Shorts and Embraer see the possibility of developing a new-generation regional aircraft that could replace many existing types. It would be for service well into the next century and would embody much advanced technology.

David Goodhart on an unconventional national newspaper

Plans for new daily start to roll

ABOUT £20m has been raised from British institutional investors for a new national newspaper planned by Mr Eddie Shah, the publisher of a group of free local newspapers in the north of England. The investors have not previously been involved in printing.

Mr Shah, whose Messenger Group was involved in 1983 in a bitter dispute with the National Graphical Association, the craft printing union, intends to distribute the newspaper with over 300 self-employed franchise holders if unions are not prepared to co-operate.

He intends to produce the paper in tabloid form seven days a week, with a target circulation of 1m to 1.4m copies a day. The paper will be produced with the most up-to-date "direct entry" technology and will make heavy use of colour and graphics in an attempt to bridge the gap between newspapers and television.

The paper, which is expected to create 700 jobs, will be launched in about a year's time.

The franchise system is proposed as a means of bypassing the news*paper wholesalers' distribution net*work, which is strongly unionised: This may be necessary because of union hostility to Mr Shah since the 1983 dispute, which was over his refusal to accept the "closed shop" (employment of union members only).

Mr Bill Keys, general secretary of Sogat 82, the print union which dominates distribution, has stated, however, that the union would negotiate with Mr Shah. He said: "Our union will certainly make overtures to Shah; I'm not going to put a fence around him." But the London cen*tral branch of Sogat 82 is almost* certain to refuse to handle the newspaper, whatever the position of the national union.

Final details of the franchise system have yet to be worked out, but it is understood Mr Shah has taken the idea from an operation run by TNT, a private parcels company. The system will provide the franchise holder with the dual role of distributor and salesman for the paper, with *takings split* three ways between newsagent, franchise holder and the newspaper company. Franchise holders will have a computer link with the northern-based head office to be able to order instantly more or fewer copies.

Mr Shah – who intends to form a new company called News (UK), which will go public when the paper is launched – has sidestepped the possibility that the paper will be "blacked" by rail unions by planning to print at five separate regional centres. A fleet of 50 lorries *will take the newspaper to* warehouse pick-up points from where the franchise holders will distribute it.

Senior national newspaper managers appear to rate Mr Shah's chances of success because an informal approach has already been made by the Newspaper Publishers Association asking him to join. He declined.

Work on building the presses has already begun and Mr Shah visited a number of advertising agencies last week. They were said to be interested, especially in the light of an estimated 50–75 per cent reduction on the usual national advertising rates.

The newspaper, which will aim for about 4 per cent of the market, could face problems on the editorial side as it may find it difficult to attract senior journalists.

Mr Shah has always insisted that he has never had a direct quarrel *with the National Union of Journal*ists (NUJ). In the present climate of tension between the NUJ and the National Graphical Association over the introduction of new technology, he may yet be able to negotiate with the journalists' union.

Productivity separated from rail pay claims

BY PHILIP BASSETT LABOUR, CORRESPONDENT

BRITISH RAIL (BR) yesterday accepted the possibility that this year it may not link long-sought improvements in productivity to the pay increase due next month for Britain's 160,000 railway workers.

In previous recent pay negotiations, BR has striven to link pay and productivity together, against the wishes of its unions. Yesterday, all BR would say on the issue was that it was at this stage only giving consideration to try to link the two this year.

The significance of BR's statement is that it was a direct response to reports from its manual unions that BR specifically said that no such linking was now being made.

The National Union of Railwaymen (NUR) and the train drivers' union Aslef yesterday met BR to table their claims *for pay increases* of up to 33 per cent.

Mr Ray Buckton, Aslef general secretary, said BR had told the union that it hoped that ways could be found to make progress on the outstanding productivity items, but these were not linked to the wage claim.

In a letter to the unions last week, BR told them it wished to refer to the Railway Staff's National Tribunal, the industry's arbitration body chaired by Lord McCarthy, the question of reducing double-manning in locomotive cabs. The other productivity issue is the removal of guards from freight trains, which is still being examined by the industry's negotiating machinery.

Mr Jimmy Knapp, NUR general secretary, repeated the two unions' insistence that pay and productivity should not be linked. The unions' claim, presented to the board yesterday, says: "Our claim stands on its merits and is divorced from any productivity strings. Railway workers are not prepared to pay for their own wage increases or other improvements in conditions of service *by selling* the jobs of their workmates."

Low pay is now a central point in the rail unions' claims. Mr Buckton said: "Railway workers' basic pay is now so low that it is well within whatever objective definition of low pay one cares to use."

TECHNOLOGY

EDITED BY ALAN CANE

ADVANCE IN ELECTRONIC MARKETING

Better than a stab in the dark

BY ALAN CANE

TUCKED AWAY towards the end of a recent Financial Times company comment on Grattan, the mail order group, was a clue to a development which is already revolutionising direct marketing: "Computers now tell it where it should be pushing the special offers."

So if you received a direct mail shot from Grattan in the past few months, there was nothing fortuitous about it—you were chosen by computer.

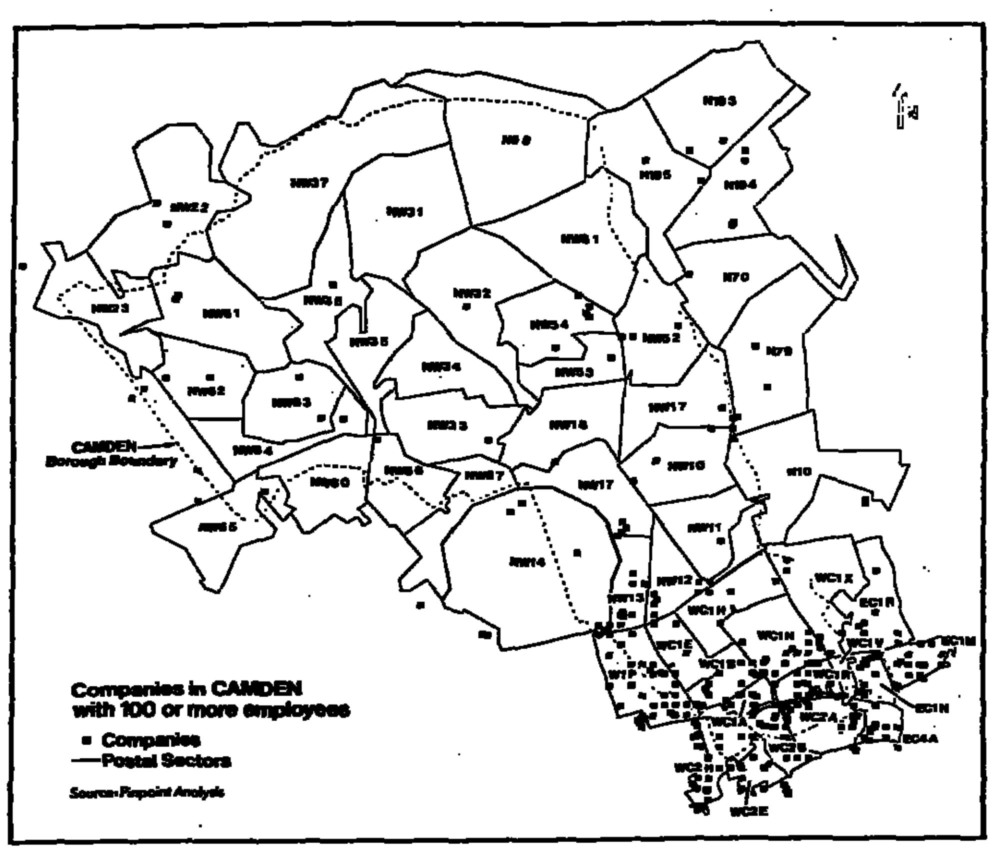
To be more exact, you live in a postal "sector" where all the evidence suggests you should be interested in Grattan's offering.

What makes this feasible is a combination of two sets of information: Post Office postcodes and national census data.

What makes it possible is sophisticated computer software which turns postcodes into specific areas drawn on a map and superimposes the census data on them.

For some years now, companies like Grattan have been using a system called Acorn from the computing services company CACI.

Its computer maps are able to define postal areas and districts. That means, its computers could draw on a map the boundaries of the areas, say, postcoded SE1.



An example of Pinpoint analysis commissioned by Cable Camden; larger industrial companies are superimposed on a background of postal sectors in the London Borough of Camden

Now Pinpoint, a two year old company based in south London has further refined these techniques to enable marketeers to focus on individual postal sectors—the area, for example, defined as SE1 8. That means about 2,500 households. (A full postcode, SE1 8UL for example, describes about 14.7 households).

There are 120 postal areas in the UK, 2,700 districts and 8,900 sectors.

So Pinpoint starts off with 8,900 little blocks in its computer memory each of which can be drawn to any scale desired.

For census purposes, however, there are some 130,000 enumeration districts in the UK giving between 12 and 20 enumeration points per postal sector.

That means that Pinpoint can combine post code mapping and sociological data to give marketing managers a significantly more powerful tool than hitherto.

Mr John Whitmarsh, computing director for Grattan, believes that the use of Pinpoint techniques could save the company some £100,000 a year in making possible more effective mail shots.

He believes that the Pinpoint technique will be a significant advantage in a second Grattan business, Laser Mailing Services, where the company undertakes direct mailings for other companies.

"If, for example, the AA planned to mail one million households with promotional material, we could use Pinpoint's analysis to cover only those postal sectors with a high probability of getting a positive response," he said.

Another major customer for Pinpoint's new analysis is Circular Distributors, possible the oldest firm in the business of contract door-to-door leaflet and sample delivery.

Mr Peter Morgan, Circular Distributors' managing director, emphasised the importance of minimising wasteage in distributing samples. A company marketing a new punk cosmetic or hair mousse, for example, would benefit from sending samples only to households with teenage daughters, an analysis easily carried out using Pinpoint postal sector maps with National Census data superimposed.

And any kind of information which can be tied to map references can similarly be superimposed on the postal sectors by Pinpoint's software.

Pinpoint creates its postal-sector building blocks by digitising maps provided by Bartholomews—in other words, turning the lines on the map into co-ordinates held in the computer memory. The map is laid flat and the lines traced using a digitising tablet.

It sounds easy, a seven counties on a clear day before coffee sort of job, but Ms Lynn Driver, who managed the task, emphasised the care and precision needed.

"The chief difficulty was the size of the project. We used 64 different maps; they are very good maps, but they stretch slightly, and that is important when you are working to hundredths of a millimetre.

Soon Pinpoint will be using new software which will display the lines being digitalised on a video screen, making it possible for the operator to amond, change or check lines as they are digitised, giving greater accuracy and speed.

Pinpoint is run by Mr Gurmukh Singh, who is also managing director for the Centre for Analysis and Modelling (CAM) which pulled off a coup two years ago by winning the contract to provide computer support for the calculation of the rate support grant.

He said the potential for the new technique was "enormous." Mr Morgan of Circular Distributors said no mapping technique could ever be 100 per cent accurate, but Pinpoint's methods made it more accurate than ever before.

CETUS WINS PATENT FOR DISEASE FIGHTING DRUG

Drug with a healing message

BY STEPHANIE YANCHINSKI

AN AMERICAN biotechnology company has stolen a march on its competitors, and won a key patent for a new drug of importance in the treatment of cancer.

The U.S. Patent Office has approved a patent application by Cetus Corporation, a San Francisco-based firm, for a derivative of interleukin-2, a human protein known to be active in fighting disease. The patent should be issued in a few months.

Interleukin-2 is a lymphokine, a natural chemical messenger that plays an important role in communication among the different cells of the immune system. It works by enhancing the body's own defences against disease. It stimulates the activity of so-called T-helper cells which destroy foreign cells—including cancerous ones.

Cetus is spending over $20m to develop therapeutic applications of interleukin-2 but it is not alone. Hoffman LaRoche, Biogen, Sandoz, and Genentech are among the competitors for this commercial prize worth hundreds of millions of dollars. Two Japanese firms Ajinomoto and Takeda were the first to file patents for gene spliced interleukin-2.

Scientists at Cetus used a new genetic engineering technique, "site directed mutagenesis" to make a proprietary interleukin-2 which Cetus thinks is not covered by the famous Cohen-Boyer patent. This was filed in the name of the two Californian scientists in 1974, who developed the basic gene splicing technology used by hundreds of companies all over the world today. Most must pay a $10,000 licence fee each year to the holders of the patent, the University of California and Stanford University.

The success of the interleukin-2 patent has convinced Cetus to become the first major biotechnology company not to renew its licence to the Cohen Boyer gene-splicing patent. Controversy surrounds the granting of such a fundamental patent to one group of researchers, and Halluin says that "a lot of questions still remain" about whether it is enforceable or not.

Cetus is spending over $20m to develop therapeutic applications of interleukin-2, but it is not alone.

In the cell, genes carry the blueprint for the production of proteins. Classic genetic engineering involves isolating a human gene which codes for say interleukin-2, then splicing it into a simpler organism such as a bacterium or a yeast cell. These can then be grown up in a fermenter and harvested and purified by a variety of sophisticated techniques. These processes yield large quantities of human proteins almost unobtainable before.

Site directed mutagenesis is a refinement of this technique. It involves mutating just a portion of the gene at a certain site. This new mutant gene will in turn code for protein whose structure is changed in small, but highly significant ways.

In the case of interleukin-2, scientists at Cetus produced a novel protein which would process better. Conventional genetic engineering often produces proteins which do not fold up in the right way. These less biologically active molecules must be removed during processing. Cetus's interleukin-2 has been modified to kink in just the right way to produce a stable molecule with all of its natural biological activity.

Laboratory studies show that Cetus's interleukin-2 reverses the immune system deficiencies characteristic of AIDs and work in mice suggests it will reduce the growth of certain tumours. Last March Cetus received clearance from the Food and Drug administration to begin extensive clinical trials of interleukin-2 in cancer patients and AIDs sufferers.

RESEARCH INTO GLASS TECHNIQUES

Major makers join forces

SEVEN glass container makers have joined a consortium to fund development in glass technology. They have set aside funds of $5m to produce glass containers 10 times stronger and half the weight of existing containers.

International Partners in Glass Research is believed to be the first worldwide technology co-operative of its kind in the world. Companies in the consortium are ACI International in Australia, Brockway Inc in the U.S., Consumers Glass in Canada, Rockware Glass in the UK, Weingand Glass of West Germany, Japan's Yamamura Glass and the Glass Machinery of Group, part of the Emhard Corporation.

There has been tremendous strides in glass and ceramics developments, mainly aimed at the high technology industries for lasers, electronics and fibre optics. The consortium hopes to apply this technology to the humble glass container and to rethink the entire glass making process.

Research will be undertaken in three phases. The first is to carry out work in universities and the consortium has already placed projects with six universities. For example, Professor Donald Uhlmann at the Massachusetts Institute of Technology is working on the aplications of special coatings. Workers at the University of Warwick are looking at the possibilities of glass ceramic composites.

Other research bodies such as the University of Florida, Case Western Reserve have projects aimed understanding glass process technology.

Following the university research phase the consortium will assess the economics and practicality of exploiting technical advances. Eventually all the developments will be available for licence to other glass makers not part of the consortium.

ELAINE WILLIAMS

Computing

Engineering management

MERSEYSIDE TRANSPORT plans to be one of the first public transport undertakings to instal an engineering management system (EMS) based on computers. It has just signed a contract for almost £1m with Sperry.

The installation will improve engineering procedures for repair and maintenance of the 1,200 strong fleet of vehicles in the five Merseyside Transpjort divisions and the central works.

The system—approved by the trades unions—can handle many thousands of transactions per 24 hour day. It replaces paperwork and gives instant recall of relevant data.

Basically, it will display the existing garage foreman's maintenance record and bus history plus essential items such as fuel, oil, mileage, planned maintenance and personnel attendance. These will appear as series of screen "pages" on a visual display unit.

Merseyside Transport see the system as a vital move in its drive to provide an efficient bus service.

Storage Technology

IN OUR article on thin film disk drives (this page, Monday 4th) it should have been made clear that Storage Technology, the troubled plug-compatible manufacturer, is in Chapter 11 of the U.S. Bankruptcy Code, a measure which allows it protection from its creditors and to continue trading while it attempts to solve its financial problems.

Mr Campbell McGarvie, managing director of the UK subsidiary said there had been neither redundancies nor any interruption to normal operations in the UK as a result of the company's difficulties in the U.S.

BASE LENDING RATES

A.B.N. Bank	14 %	Hong Kong & Shanghai	14 %
Allied Irish Bank	14 %	Johnson Matthey Bkrs.	14 %
Henry Ansbacher	14 %	Knowsley & Co. Ltd.	14½%
Amro Bank	14 %	Lloyds Bank	14 %
Armco Trust Ltd.	14½%	Edward Manson & Co.	15 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	14 %
Banco de Bilbao	14 %	Midland Bank	14 %
Bank Hapoalim	14 %	■ Morgan Grenfell	14 %
BCCI	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Ireland	14 %	National Bk. of Kuwait	14 %
Bank of Cyprus	14 %	National Girobank	14 %
Bank of India	14 %	National Westminster	14 %
Bank of Scotland	14 %	Northern Bank Ltd.	14 %
Banque Belge Ltd.	14 %	Norwich Gen. Trust	14 %
Barclays Bank	14 %	People's Tst.& Sv. Ltd.	15 %
Beneficial Trust Ltd.	15 %	Provincial Trust Ltd.	15 %
Brit. Bank of Mid. East	14 %	R. Raphael & Sons.	14 %
■ Brown Shipley	14 %	P. S. Refson	14 %
CL Bank Nederland	14 %	Roxburghe Guarantee	14½%
Canada Perm'nt Trust	14 %	Royal Bank of Scotland	14 %
Cayzer Ltd.	14 %	Royal Trust Co. Canada	14 %
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	14 %
■ Charterhouse Japhet	14 %	Standard Chartered	‖14 %
Choulartons**		Trade Dev. Bank	14 %
Citibank NA	14 %	TCB	14 %
Citibank Savings	¶12¾%	Trustee Savings Bank	14 %
Clydesdale Bank	14 %	United Bank of Kuwait	14 %
C. E. Coates & Co. Ltd.	14½%	United Mizrahi Bank	14 %
Comm. Bk. N. East	14 %	Westpac Banking Corp.	14 %
Consolidated Credits	14 %	Whiteaway Laidlaw	14½%
Co-operative Bank	*14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Dunbar & Co. Ltd.	14 %	Yorkshire Bank	14 %
Duncan Lawrie	14 %		
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp	15½%		
First Nat. Secs. Ltd	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		
C. Hoare & Co.	†14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.
† 7-day deposits on sums of under £2,000 11%. £2,000 up to £10,000 12%, £10,000 up to £50,000 12¼%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

FT COMMERCIAL LAW REPORTS

U.S. court's request for documents refused

IN RE ASBESTOS INSURANCE COVERAGE CASES

House of Lords (Lord Fraser of Tullybelton, Lord Wilberforce, Lord Keith of Kinkel, Lord Roskill and Lord Bridge of Harwich): judgment given February 11, reasons given February 28 1985.

THE ENGLISH court will not order a person to produce documents in response to letters rogatory issued by a foreign court if the documents are not separately described, or if there is no evidence that they actually exist or have existed and are likely to be in his possession.

***

The House of Lords so held when allowing an appeal by insurance brokers, Sedgwick Group PLC, Sedgwick Overseas and Sedgwick North America Ltd, from a Court of Appeal majority decision upholding Mr Justice McNeill's order that they should produce documents for clarification of issues in Californian proceedings between insurers and asbestos manufacturers. The Court of Appeal had also upheld the judge's order that three individuals, who were directors of Sedgwick at the material times, should give oral evidence for the assistance of the Californian court. The appeal from that decision was dismissed.

Mr Justice McNeill's orders were made in response to letters rogatory issued by the Superior Court of California for the City of San Francisco. "Letters rogatory" are letters of request made by a foreign court to the High Court for an order for evidence to be obtained in England. Provision for such procedure is made by the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, signed at the Hague on March 18 1970. In the UK the Evidence Procedure in Other Jurisdictions Act 1975 gives effect to the Convention.

Section 2(1) of the 1975 Act empowers the High Court to make provision for examination of witnesses and production of documents.

Section 2(4) provides: "An order under this section shall not require a person – (a) to state what documents...are or have been in his possession...or (b) to produce any documents other than particular documents specified...appearing to the court... to be, or to be likely to be, in his possession..."

LORD FRASER said that four American asbestos manufacturers were engaged in litigation in the U.S. against insurers with whom they had a large number of policies to cover asbestos-related claims.

Each manufacturer was faced with claims in respect of asbestos-related injuries. They alleged that the insurers had failed to defend actions, or to indemnify them against the claims.

There were issues as to whether certain policies existed, the extent of cover, the construction of policies issued by Lloyd's underwriters to the manufacturers through Sedgwick, and disclosure.

Letters rogatory were issued out of the Californian court requesting the assistance of the English High Court. Mr Justice McNeill ordered three individuals to attend before examiners to give oral testimony, and made an order against Sedgwick to produce documents.

The Court of Appeal unanimously dismissed appeals by the three individuals against the orders relating to oral testimony. It allowed in part Sedgwick's appeal against the order relating to production of documents, Lord Justice Slade dissenting. Sedgwick and the three individuals now appealed.

The appeal against the order for production of documents was limited to paragraphs (b), (g) and (j) of the letters of request: "(b) The written instructions from the [manufacturers] to Sedgwick to obtain the insurance policies set forth in Exhibit 1 hereto; (g) The written instructions to Sedgwick from [the manufacturers] to obtain the insurance policies referred to in (f) above; (j) The exemplars of Price Forbes's excess comprehensive personal injury and property damage "umbrella" liability policies in use in the London insurance market during the period 1950 through 1966..."

Paragraphs (b) and (g) raised the same point. Exhibit 1 referred to in (b) was a list of policies identified by number and by the numbers of brokers' slips. Paragraph (g) referred back to (f) which in turn referred to Exhibit 4, where the dates of policies said to have been effected by the manufacturers' predecessors were stated.

The question was whether (b) and (g) specified "particular documents" within section 2(4)(b) of the Evidence (Procedure in Other Jurisdictions) Act 1975. Mr Justice McNeill held that they did. The majority of the Court of Appeal upheld that view.

The meaning of "particular documents specified in the order" in subsection 4(b) was considered by several of the Lords who took part in the decision in Westinghouse [1978] AC 547. They were all emphatic that the expression should be given a strict construction. Having regard to the purpose of subsection (4), which was to preclude pre-trial discovery, it was to be construed so as not to permit mere "fishing" expeditions.

Lord Diplock said at page 635, "What is called for is the specification of 'particular documents' which I would construe as meaning individual documents separately described." By "separately described" he did not intend to rule out a compendious description of several documents, provided that the exact document in each case was clearly indicated.

The second test of "particular documents" was that they must be actual documents. There must be evidence which satisfied the judge that they existed, or at least had existed, and that they were likely to be in the respondent's possession. Actual documents were to be contrasted with conjectural documents, which might or might not exist.

Paragraphs (b) and (g) failed both those tests. They failed the second because there was no evidence that there was usually a single document or set of documents by which written instructions were transmitted from the manufacturers to Sedgwick.

In the light of the evidence as a whole, paragraphs (b) and (g) were in effect calls for production of "written instructions if any," that was to say, for conjectural documents which might or might not exist. "Particular documents specified" did not extend to documents which might or might not exist.

For much the same reasons paragraphs (b) and (g) failed the first test, in that they did not refer to particular documents at all. In effect they referred to "all or any documents falling within the class consisting of written instructions." The class was ill-defined.

Paragraphs (b) and (g) should therefore not be made the subject of an order for production of documents.

With regard to paragraph (j), that was clearly a description of a class of documents, and not of particular documents. Moreover, the class was not clearly defined by the opening words which referred to "exemplars of Price Forbes..." There was nothing to show how their policies were to be distinguished from the policies of other firms.

Paragraph (j) therefore failed the first test.

The appeals against the orders to give oral evidence were presented on the basis that the Californian judge who issued the letters rogatory had been misled into over-estimating the evidence the three individuals could give.

Each admitted he was in a position to give some evidence relevant to the U.S. proceedings. If asked about matters outside his experience, he could say so. It would be quite inappropriate, even if it were possible, for any English court to determine the matters on which a witness was in a position to give evidence before the Californian court.

The appeals against the orders to give oral evidence should be dismissed.

Lord Wilberforce, Lord Keith, Lord Roskill and Lord Bridge agreed.

For the manufacturers: Michael Burton QC (Coward Chance)
For Sedgwick: Nicholas Phillips QC and Christopher Symons (Herbert Smith & Co)

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Product innovation

How to improve the odds

BY CARLA RAPOPORT

IN 1968, Procter and Gamble launched Ariel, its popular enzyme detergent, on to the UK market. In the same year, Schweppes put out a drink called Cresta and Cadbury launched a product called Appletree.

The year also saw the introduction of Unilever's successful low fat spread, Outline. At the same time, Ranks Hovis McDougall introduced Scotts hot cereals in strawberry and raspberry flavours.

Today, only Outline and Ariel remain as leaders in their sectors. Nonetheless, the number of new product introductions continues to grow—topping 1,000 in the grocery trade last year. Most people expect that more than 50 per cent of these goods will not be on grocers' shelves by the end of the year.

So just how can manufacturers increase their odds in the new product roulette game?

Two sorts of answers to this question were offered this week at a London conference sponsored by KAE Development, the London-based consultancy group. Wallace Marx, a U.S. consultant, presented a view of the trend-setting American market for new products. Barry Silverman of the Co-op, one of Britain's major retailers, gave his opinions on why most UK manufacturers continue to fail with their new products.

The American new product market is nothing if it is not gutsy. Procter and Gamble is currently testing a new lotion-impregnated toilet tissue called Certain. "Certain's gentle, soothing lotion gives you and your family truly comfortable cleansing," reports Marx about the P & G innovation.

While the idea of slippery lavatory paper will bring tears of laughter to the average Briton, the fact remains that American companies have dominated the list of successful new product innovators in Britain over the last 15 years.

As a result, British manufacturers must pay more attention to the nature of American product innovation. Sales of health food products, totalling about $26bn last year, is the fastest growing segment of the food market today, according to Marx, president of Wallace Marx and Associates. This area, once dismissed as a province of cranks and fanatics, now accounts for 9 per cent of the U.S. retail food market and is growing at 6 per cent a year.

Marx now reports that P & G is now at work on a synthetic fat, called sucrose polyester, which lines the stomach and prevents the absorption of fats and cholesterol. Although still some years away from launch date, this product could rival the NutraSweet story (see Marketing Page, February 14) in terms of impact in the new product marketplace.

NutraSweet is G. D. Searle's hugely successful artificial sweetener which provides sweetness without a noticeable aftertaste. Worldwide sales of the product began in 1982 at $74m and climbed to $600m last year, boosting previously static product categories such as pre-sweetened powdered drinks.

Line extensions are nothing new to European manufacturers, but some extensions can't help but draw attention. The idea of impregnating paper products with lotions for adults was pioneered by Kimberly Clark, with Avert. This new product takes the old-fashioned tissue and adds a cocktail of ingredients which are claimed to kill major cold and flu viruses.

But scientific claims which cannot be backed-up seem to guarantee suicide for new products. Revlon recently spent heavily in the U.S. to promote HDR (Hairs' Daily Requirement) which promised to change its action to fit the condition of the user's hair as well as the weather. "The story was complex and was possibly a solution to no known problem," says Marx. The product has failed to climb above a 1 per cent market share.

Nonetheless, Americans will respond to health claims. Kellogg's achieved a boost for its bran cereal with the trend-setting slogan: "At last, some news about cancer you can live with." The ads went on to say that a high fibre, low fat diet may reduce your risk of some kinds of cancer. Although, initially controversial, the ad is now considered a success.

Barry Silverman, general manager of the Co-op's food manufacturing group, wastes few words on his views of UK food manufacturers' record on product innovation. It has been poor. The manufacturing sector, he says, failed to:

- appreciate the aspirations of the consumer in which new needs have come out of a changing life style;
- develop into those areas of opportunity indicated by the developing consumer needs;
- understand retailers' reactions to distribution economics or the mechanics of operating in a mature market; and
- introduce manufacturing technologies and selling organisations which meet the needs of its consumers.

"It is the retailer who has been more in step with the market . . . and that has put the retailer into his position of strength," says Silverman. As a result, many new product successes, which might have reduced the toll of failure among the brands, have been introductions in the retailers' own-brand range, he says.

Silverman also accused the industry of paying too much attention to product cost reduction at the expense of quality. "The painful unpalatable truth may well be that too many new products were never ever good enough to have had any chance of repeat purchase," he says.

In the past three or four years, he points out, fresh and frozen products have come to command front positions in the list of industry's most successful new products. "The reason for this is that so many manufacturers — often unlike their parents in the U.S.—have stayed with product technologies and distribution systems that were clearly out of step with consumer aspirations."

The retailer, he says, has specific needs when considering a new product and these needs are rarely, if ever, discussed by the manufacturer when it presents its new baby. The retailer, he says, seeks to limit the number of warehouse picking-up points; minimise his stockholding; monitor the product through his own computer system; avoid fragmentation of suppliers and ensure that the new entrants do not cause own-brand sales to suffer.

Instead, he says: "I have been invited to believe that each and every product could be proved by its own research as being bound to succeed."

The billion dollar coupon game

Frank Lipsius explains how companies can control the response

AMERICA IS being flooded with discount coupons. Last year, U.S. manufacturers, particularly of food and packaged goods, issued 163bn "cents off" coupons which consumers redeem at supermarket and other store checkouts.

This represented a 14 per cent rise on 1983 and a five-fold increase in the past decade. The near 2,000 coupons for every household in the country in 1984 was more than a fifth up on the 1983 figure.

Yet the actual redemption rate was only 4 per cent of coupons—6.5bn—a level which concerns the industry, even though it paid out more than $2bn to the American consumer. Marketing specialists are now looking for new ways to draw attention to their clients' offerings. These include in-store coupon dispensers, a system which it is hoped will boost redemption rates, but at the same time allow greater control over the length of redemption periods.

"Just cutting the price would be a lot easier," admits Ed Meyer, senior vice-president of Dancer Fitzgerald Sample in charge of direct promotion services. But with coupons "the manufacturer can make sure the price reduction is passed on to the consumer and the coupon itself reinforces the image with graphics of the product, which also makes it an advertisement."

Meyer also believes coupons are "a good way to generate traffic fast": they are especially useful in the introduction of new products, of which there were 1,988 in food and drug store products alone last year in America. Older products use them for a boost with shopkeepers, preserving space on increasingly crowded shelves.

A staple form of advertising for the major food and soap companies, coupons are now being more widely distributed and used by a large variety of companies. Dancer Fitzgerald Sample places coupons for standard coupon-using clients like Procter and Gamble and General Mills, but also for fresh Florida citrus fruit, Lifesaver boiled sweets, L'Eggs pantyhose, Old Spice men's cologne and Wendy's hamburgers.

Coupons tend to reduce a product's cost to the consumer by 10 to 20 per cent — which now means from 20 cents to $1. For handling the coupon, the retailer gets 7 or 8 cents. Since the manufacturer pays the retailer the full face value of the coupon, supermarkets often join the promotion by giving their own reduction with "double" or even "triple" coupons.

As the number of coupons proliferates, so do the outlets for carrying them. Long gone are the days when coupons were confined to products themselves, to encourage the next purchase, or printed on regular pages of newspapers and magazines. The coupon business "is getting more sophisticated," notes Richard Vincent, of Donnelley Marketing, a company that puts full-colour free-standing inserts into Sunday newspapers and distributes coupons by post.

Product packages account for only 8.2bn coupons, compared with 13.9bn in magazines and 69.6bn Sunday newspaper inserts. For all its measuring in the billions, traditional coupons on packages and newsprint now accounts for 44 per cent of coupon distribution, compared with 43 per cent for the free-standing Sunday inserts.

A national campaign entails the distribution of 40m coupons at a cost of $3 to $12 per thousand. An alternative form of product introduction, like actually sending a sample, gets a much bigger response on subsequent purchases but the free giveaway of products costs eight to 30 times as much.

Marketers are learning to be more selective in their effort to improve redemption rates. Ira Ginsberg, senior vice-president of Blair Marketing, says that "manufacturers are demanding alternatives" in the effort to increase their redemptions, one of the few forms of advertising whose effect can be directly measured.

Postal distribution of coupons has grown in recent years to 4 per cent of the market, due to its high 8 per cent redemption rate, compared with 4½ per cent for Sunday inserts and only 2.6 per cent for newsprint ads.

Thanks to sophisticated demographic studies, companies know how many coupons are likely to be redeemed under various categories of coupon delivery and therefore have a fairly accurate idea of the ultimate cost to them.

Blair Marketing is switching from strategies based on Sunday inserts to a greater use of local and national mailings. The mailings use demographics to pinpoint households with higher response rates.

The latest wrinkle in the business is distributing the coupons in shops themselves t overcome consumer forgetful ness. Donnelley Marketing wil go into 5,000 supermarkets t hand out coupons personally Personal distribution twice year is done by uniforme temps who field questions an are given pleasantness trainin in the effort to pass out mor than 40m coupons, or 8,000 pe store in the six-week under taking.

Coupons a la Carte, a Dalla based coupon distributor, i installing electronic machine that dispense coupons in store With a capacity of reporting al transactions to a central com puter, the machines have a vide display of as many as 3 different products. The shoppe touches the screen to indicat which coupons are wanted. Th machine prints the coupon ther and then.

According to John Herber general manager of the com pany, "since the customers ar selecting only the coupons tha they want, there is little likeli hood that they will selec coupons that they don't want With other systems that dis pense fixed numbers of coupons unwanted coupons wind up o the floor and can be picked u by store personnel." They ca then be redeemed withou purchases.

The final advantage of th machine is that it will obe manufacturers' instructions t shut off after a designate number of coupons is dispense For an even worse problem fo the industry than lack o response, of course, would b total response—all 163bn of th things.

Company Notices

ROBECO

ROBECO N.V.

ENGELS-HOLLANDSE BELEGGINGS TRUST N.V.
(English and Dutch Investment Trust)
Established in Amsterdam

ENGLISH AND DUTCH INVESTMENT TRUST
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5.625 PER CENT CUMULATIVE FIRST PREFERENCE SHARES OF R2 EACH—DECLARATION OF DIVIDEND NO. 7

March 7 1985.

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SBC FINANCE (CAYMAN ISLANDS) LTD., GRAND CAYMAN

In connection with this capital increase, the holders of the 6¼% U.S.$ Convertible Bonds 1980-90 of Swiss Bank Corporation (Overseas) S.A., the holders of the Warrants of the 6¼% U.S.$ Bonds with Warrants of Swiss Bank Corporation (Overseas) Ltd. and the holders of of Warrants of the 3¼% DM Bonds with Warrants of SBC Finance (Cayman Islands) Ltd. should note that
(a) conversion or exercise of the Warrants, respectively, into Bearer Participation Certificates cum subscription right can take place up to March 25, 1985;
(b) the conversion right of the Bonds and the purchase right of the Warrants will not be exercisable during the period from March 26, 1985 up to and including April 18, 1985;
(c) the conversion and the purchase price will be adjusted on April 19, 1985 and published as soon as possible thereafter.

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March 7, 1985.

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France.
The Fuji Bank Limited,
Immermannstrasse 3,
4, Dusseldorf,
Germany.
Kredietbank S.A. Luxembourgeoise,
43, Boulevard Royal,
Luxembourg.

Full information may be obtained from HILL SAMUEL AND CO. LIMITED 45, Beech Street London EC2P 2LX

Clubs

Motor Cars

International Appointments

Head of Investment Division
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The Role: The Head of the Investment Division, who will be a member of the corporation's senior management committee, will work closely with the Chief Executive and be responsible for the establishment, implementation and subsequent monitoring of the total investment programme. The investment mandate is very broad and additional financial and management resources will be available. The opportunity is exceptional.

Qualifications: A highly experienced project or venture capital manager, preferably with some experience of the Middle East, is needed for this key role. Proven management skills, an entrepreneurial flair and, ideally, experience of managing a quoted investment portfolio are the key qualities. An individual of great calibre, energy and determination is needed.

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Economic & Financial Services — Oman

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Accountants
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We need three well qualified Accountants to work in the Financial Accounting, Budget and Internal Audit Departments of the Omani Directorate General of Finance.

Reporting to the Director of the particular
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department as well as in the training of Omani staff.
You should be between 35 and 45 years of age
and be professionally qualified—with at least ten years'
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of working with IBM 4331 computers would be an
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Quote Ref: BA/141/FT.

Economists
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We need *two Economists* to work in the Omani Ministry of Finance based in Muscat. One to act as Project Financial Analyst (Development Economist) and the other to assist him as Project Analyst.

Working in direct co-operation and collaboration with the Directorate General of Finance staff in general terms you will: review and evaluate feasibility and design studies particularly in the socio-economic and infra-structural sector; identify sources of financing for development projects and assess the implications of their recurrent cost outlays for overall government development finance; formulate procedures for enhancing the planning and aappraisal skills of Omani national staff.

For both posts yuo will need a degree in economics with a background and experience in project appraisal and monitoring (including preliminary design and engineering studies). Knowledge of public finance, particularly government development finance and recurrent outlays is essential. In addition for the Project Financial Analyst post you will need experience of comparable work in Oman or other countries with similar economic and social circumstances.

At present you should be working in the public sector, or have previous experience of this sector, ideally in H.M. Treasury.

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*BMRC/Businessman Readership Survey 1984.

JOBS COLUMN

Living costs abroad • Chief buyer—official

BY MICHAEL DIXON

HAVE you ever tried swatting a swarm of gnats with a tennis racquet? If so, you'll know it is no easy task. A good many are always going to slip through the holes between the strings. Besides, they keep changing their positions all the time.

The job of striking comparisons between executives' living costs in different countries is no doubt much the same. But some indefatigable folk still do it, not least because numerous organisations will cough up money for information bearing on the pay of their expatriate staff dotted about the globe.

One doughty gnat-swatter on the international pay and living costs circuit is Employment Conditions Abroad. The accompanying figures are drawn from its latest costs survey. It was made at the end of last year, and I'm told that exchange-rate movements since will not have made any significant differences to the indicators given here. They refer to only a very few countries, of course. Anyone wishing to know more should contact Sue Winterbottom of ECA at 13 Devonshire Street, London W1N 1FS; telephone 01-637 7604; telex 299751 Eureca G.

The way the table is worked out is a bit complicated. So I hope you'll keep your wits about you while I explain, because I haven't room to run through it more than once.

Nationality of family	British	German	Australian	American
Gross income in home land (£)	13,000	24,500	21,700	34,000
% increase or decrease needed to maintain life style in:				
Australia	+41.2	+17.5	same	− 0.1
Bahrain	+86.9	+54.2	+33.0	+25.0
Brazil	− 4.4	−16.3	−29.0	−30.7
Britain	same	− 7.5	−12.2	−18.2
Egypt	+93.4	+52.7	+49.7	+27.5
New Zealand	same	−14.8	−25.1	−29.7
Nigeria	+274.8	+203.9	+180.1	+148.9
Singapore	+58.6	+30.7	+20.0	+11.9
United States	+55.4	+29.2	+14.2	same
West Germany	+26.0	same	− 3.8	−10.7

The first column of figures on the left-hand side refers to a British family. Its gross income from a single source is £13,000 a year. (While some of our banking bretheren may find it hard to believe, large numbers even of managers are paid no more, and many still less.)

The family has what, according to ECA's research, is a style of living typical of British families with similar incomes. It has to pay £4,600 a year in this country for a "shopping basket" of 109 consumer-type items which the survey identified as typically considered essential to the style of life of such families in Britain. The £4,600 represents 35.4 per cent of the gross income.

The prices of those 109 items differ from place to place. But we assume that a considerate employer, who's thinking of sending the family abroad, wants to pay it in sterling terms whatever it will need to buy the identical items for the same 35.4 per cent of its gross income.

That criterion of course requires the annual pay to be adjusted. The figures in the main part of the table lower down show by what percentage the £13,000 would need to be increased or decreased so as to satisfy the criterion in each of 10 different countries. In Australia a 41.2 per cent rise would be needed, and so on.

The table then deals similarly with families of West German, Australian and American nationality. Although in each case the breadwinner has the same sort of job as the British counterpart, the foreigners are paid more for doing it—the German getting the sterling equivalent of £24,500 for instance.

What's more, the foreigners variously have living styles which are more expensive than that of the British family. So while their respective shopping baskets are also limited to 109 items, the items therein are different and in general more costly.

As the figures show, the American family is best off although even its income would have to be upped a good way to enable it to maintain living standards in Nigeria, Egypt, Bahrain and Singapore. But it would need hardly any rise if sent to Australia whose own family—perhaps surprisingly—now seems to be better placed by the international comparisons than the West German counterpart.

Value improver

IF YOU'RE up to the task of spending £7.2bn a year (yes, bn not m), consultant Steve Rowlinson of Korn/Ferry International would be obliged to hear from you instantly. He is looking for the first head of the Government's new Central Unit on Purchasing, being set up under the Cabinet Office and Treasury to watch over the buying of all central Government supplies except those for the Health Service and armaments for Defence.

But here again the job is not as easy as the idea of dishing out £19,726,027 daily might make it seem. Indeed, swatting gnats with a tennis racquet would be a doddle by comparison.

For one thing, the expenditure is already running at £7.8bn, so the newcomer will be required to shave it down by £400m a year or more. For another, the buying is done not centrally but separately by the various bits of a sprawling labyrinth of different departments and suchlike. For a third, while politically "plugged in" at Cabinet level, the new chief will not be empowered to command the departmental purchasing offices to change their ways so as to acquire better value for money.

Although whoever gets the post will be supported by a central group of some six people —half from the Civil Service, half to be recruited from business—persuasion will essentially be the only means of achieving the prime object, which is to transfuse more commercial sharpness into the whole buying function.

"Clearly great technical expertise in purchasing will be needed. I don't think the job could be done by anyone who hasn't successfully headed a highly diversified buying operation spread among a number of different divisions at arm's length from headquarters and one another," Mr Rowlinson says.

"But even more important will be proven ability to work both with and through other people, and fairly quickly establish the trust and communications all round that's essential to changing people's attitudes in the required direction. Since a top-level business sense will be needed too, the ideal candidate would probably now be in a commercial director's job or the like after winning pretty fast promotion up the purchasing ladder.

"We also want someone who's still got a longish career ahead. The appointment's for only three years initially, but that's for reasons of realism—the unit might be closed given a change of Government. But otherwise there seems no reason why the head shouldn't eventually be given a permanent post.

"Alternatively, of course, anyone who's succeeded in an assignment like this shouldn't have any difficulties in getting offered still higher promotion back in business."

The salary indicator is £45,000.

Inquiries to Stephen Rowlinson at Norfolk House, St James's Square, London SW1Y 4JL; 01-930 4334, telex 914860.

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This challenging role will require active participation in marketing and negotiating new business in both the Canadian and US markets, making full use of the Bank's extensive presence and strong client base in each country. Candidates must be experienced in all aspects of completing deals and will ideally have recent and relevant knowledge of the North American and international capital markets.

Applicants should have the necessary drive and enthusiasm to make their mark at Manager or Assistant Director level. An attractive salary package, which is negotiable depending on ability and experience, will include a substantial bonus scheme. Interested applicants should contact **Chris Smith** on **01-404 5751** or write to him, enclosing a detailed CV at the Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting ref 3475.

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Aged around 32-40, you must have first-class credit skills and a strong track record as a business developer in wholesale/merchant banking. Broad-based lending experience, coupled with some recent capital markets exposure, would be a useful background.

The compensation package includes a salary negotiable in the range indicated, a subsidised mortgage, a choice of executive car, and good pension and health-care provisions.

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INTERNATIONAL BANKING

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THE ARTS

Records Review/Ronald Crichton

On balance, a success

Rossini—l'Italiana in Algeri. Valentini Terrani, Araiza, Dara, Ganzarolli/Chorus of WRD Cologne/Cappella Coloniensis/Ferro. 3 records in box. CBS M3 39048, cassette CB 293.

Claudia Muzio—The Columbia Recordings 1934-35. Italian opera arias, Italian, French and German songs. 2 records in box. EMI EX 29 0163 3.

Stars of the Vienna Opera 1918-45. 41 singers, various orchestras. 3 records in box.

There are several Rossini operas more in need of another complete recording (in many cases it would not be "another" but the first one) than *L'italiana in Angelri*, yet one can't look askance at the new CBS set (M3 39048, three discs in box, cassette CB293). This is a West German-Italian enterprise, a co-production with Fonit Cetra, matching Italian singers with the instrumentalists of the Capella Coloniensis, conducted by Gabriele Ferro, whose distinction as a Rossini interpreter has been remarked upon on this page before. The edition was prepared for the Rossini Foundation at his birthplace, Pesaro, by Azio Corghi.

To talk of editions in connection with some of the most pleasureable music ever written is not pedantry. Rossini's more popular operas were revised during his lifetime by himself and others. Later what were thought to be eccentricities of scoring were ironed out, and the tradition of coloratura mezzo heroines was lost until the coming of Conchita Supervia in the 1930s. In Germany 30 years ago the Rosinas and Isabellas heard were soubrette sopranos. Murmurs that the original versions might be preferable were treated then with indifference of incredulity. How could the English know?

Lucia Valentini Terrani sings the *title-role*. She has recorded Isabella before, in an East German Acanta set conducted by Bertini, with the same Taddeo, Enzo Dara. The Corghi edition was also used for the Erato set with Marilyn Horne, conducted by Scimone. Overlapping does not matter. The attractions of the CBS version are powerful. The Cologne band uses *original instruments*. Those who shy away from "authenticity" have no cause for worry—they will notice little apart from soft (but accurate) violins, husky double basses and pleasantly rustic horns. But they will surely enjoy the delicate, silver clarity of the sound, the piquant, spaced-out sonority of what Richard Osborne has described as the "mischievous and fantastic element" in the scoring. Ferro is the most *discreetly sympathetic of* Rossini conductors. No rattle or clatter—time for everything to breathe, but a firm controlling hand is at work, above all in the final scenes which can easily go flimsy.

Valentini Terrani uses her large, even, full mezzo with comparable discretion. Her Isabella is not a bundle of mischief but a formidable young lady accustomed to get her way, capable of pacifying her nervous *cicisbeo* Taddeo, captivating then hoodwinking Mustafa Bey and at the same time slyly reassuring the captive Lindoro that he is after all, the one she loves. The deeper notes of emotion (as well as of vocal register) are sounded in "Per lui che adoro" and in the patriotic Italian rondo without any inconsistency. To Lindoro, Francisco Araiza brings an attractive timbre and (like everyone from the conductor downwards) a rhythmic grace which make one regret that the voice instead of relaxing stiffens when the florid tenor lines come thick and fast. The Taddeo of the stylish Enzo Dara has been mentioned. As Elvira, the Bey's forlorn spouse and as her less subservient maid Zulma, Jeanne Marie Bima and Lucia Rizzi are nicely contrasted. Alessandro Corbelli's Ali suggests that bigger Rossini roles will soon come his way.

The Mustafa of Wladimiro Ganzarolli finally succeeds in spite of vocal shortcomings. Too often in the place of the menacing black tone the role needs what he gives is grey and strained. He doesn't emerge with credit from the ordeal of competing with Valentini Terrani's immaculate delivery of the staccato arpeggios at the beginning of the act one finale. Manuel Garcia, a great Rossini *singer and the father of Maria* Malibran and Pauline Viardot, is said to have rated Mustafa's aria "Già d'insolito" as an acid test for the management of triplets. He might not have passed this rough attempt. Yet Ganzarolli's rhythm is as unmechanically zestful as anyone's he inflects the recitatives intelligently and stroke by stroke builds up a likeable portrait of a paper-tiger oriental despot. A word for the out*standingly good balance of the* recording—and for the fortepiano continuo of Georg *Fischer*.

The EMI two-disc album box of the Columbia recordings of the soprano Claudia Muzio dating from 1934 to 1935 make a strong impression. Muzio died in 1936 in her 40s. She was born in Italy. He father was stage director at Covent Garden and later at the Metropolitan. She sang several roles at Covent Garden in 1914 but her main career took place in the U.S., at the Colón in Buenos Aires, and in Italy. She was tall, stately, beautiful and shy, not a typical prima donna. Her repertory was mostly Verdi and the verismo heroines, which to judge from these records she dignified with natural distinction of utterance and unfailing sense of emotional proportion.

The unheroic intimacy of Muzio's "*Casta diva*" and "Pace, pace" (from *La forza*) are curiously convincing. The tearful verismo ladies (how thin they are wearing) are fully represented, with Cilea's Adriana and Rosa (*L'arlesiana*), *Santuzza*, *Boito's* Margherita, Maddalena from *Chénier*. There are interesting excerpts from Refice's *Cecilia*, which Muzio created in 1934—high-minded, pallid, a change from the others. In contrast the fourth side brings infectiously happy accounts of lollipops by Pergolesi, Donaudy and Delibes. Best of all, the two *Otello* duets with the restless but still higher-than-average Francesco Merli. The third act excerpt gives an extraordinarily complete and intelligent picture of a Desdemona *whose incessant support* of Cassio might, even without the suspicion implanted by Iago, have *justifiably irritated* Otello.

The EMI three-record box *Stars of the Vienna Opera 1918-1945* (EX 29 01313) is chiefly remarkable for the success of Keith Hardwick's transfers from archive 78s — ancient voice-recording, often surprisingly vivid in itself, magically freed from the veils of hiss, crackle and pop. *Still* famous and half-forgotten names abound. Not by any means all these records were made in Vienna and some of the stars were only guests there, but it does no harm to be reminded that much of the repertory of such a house consisted of Italian or French opera sung in German. Some items (Elisabeth Schumann's Adele) are familiar, some are strange — why on earth was there such a fuss about Jan Kiepura? Maria Nemeth's steely brilliance is unattractive; baritone Nissen and bass Manowarda are unsympathetic to me; Adele Kern, adored in student days, is disappointing.

Two legendary names come up to expectation — Jeritza and Slezak. Vera Schwarz, a Glyndebourne Lady Macbeth, is com*pelling in a song from* Wolf-Ferrari's *La vedova scaltra*. Baritones Hans Duhan and *Karl Hammes give Tauber* charms in an aria from *Mignon*. If one wanted to persuade any doubter that Wagner was a superb musical dramatist and that the German language was a highly expressive medium, what better than the Sieglinde-Siegmund scene from act 2 of *Die Walküre* with Melchior and stunningly, Lotte Lehmann at the height of her artistry and eloquence? Lehmann puts our contemporary Siegline in their inconspicuous place. And here, for the only time in this album, the orchestra of the Vienna State Opera *is conducted* by Bruno Walter.

Alastair Muir

Richard Briers and Polly Hemingway

Why Me?/Strand

Michael Coveney

Richard Briers declares that he has joined the three million club. He has been sacked, and Stanley Price's comedy proceeds in its innocuous and largely unfunny way to make limited capital out of the bourgeois unemployed civil engineer, his adulterous fling with the neighbouring builder's wife, and the *return home of his transvestite* son from a tour of the Kent clubs: "We're a small family . . . can you imagine what's going on out there?"

As usual, it is an unalloyed pleasure to see Mr Briers back on the West End stage, but he really is deserving of a piece less formulaic, less predictable, less soft-centred and less unfunny than this. Stanley Price's last London stage foray was a *play about house-moving for* Penelope Keith. It had great unachieved potential, and has gone on to *unachieve it in the* TV series. A play about middle-class, middle-aged unemployment is no less promising. But the idea is simply not lived up to in the execution.

It all comes across, in Robert Chetwyn's lukewarm produc*tion, as diluted Simon Gray*, with all the over-weighted references to jogging, looking sexy and supportive, gender benders, reincarnation (the son asks Mr Briers if he has been born again — "No, once was enough") filtered through the comic expertise of Mr Briers and the occasional amusing appearance of Liz Smith as the mother-in-law.

The builder Arthur, according to Eamon Boland's fat and flabby personation, is less crucial than Polly Hemingway's adulterous partner, who *responds to Mr Briers's* invitation to go shopping with a paddling palm, a devious cuddle *and a real threat to marital* stability.

The threat, of course, proves idle, with Mr Price surpassing even his own fatuous standards of comic ingenuity by providing a curtain as sloppily conventional as it is incongruously banal. Next to this, Noel Coward is positively and preferably anarchic.

Ian Targett flounces around as the son, even drags up to bring a little touch of risque 1960s flavour to an evening that is dull, sedate, ordinary and set, suitably enough, south of the river.

The Marriage of Heaven and Hell/Paris

Clement Crisp

William Blake, Pier Paolo Pasolini, James Dean are the unlikely points of departure for Roland Petit's latest full-evening ballet, currently on show at the Theâtre des Champs Elysèes. First given by the Milan ballet last June, *The Marriage of Heaven and Hell* is here presented by Petit's own Marseille company. It shows the troupe in fine form, and the choreographer still in search of challenges for his dance imagination.

If Blake, Pasolini, Dean are *the reasons for the halucinatory* stage action — Petit relating images in Blake to the nature and fate of the two cinema heroes—a first impetus for the choreography also came from the French "expressionist rock" group, Art Zoyd, whose music Petit found eminently danceable. Thus we see the six members of the group perched on a scaffold at the back of the stage as they generate the poundingly colourful, if musically nugatory, sound-track for the evening. The scene is otherwise bare, save for atmospheric lighting and clouds of dry ice, with a central doorway below the band from which the dance action can pour in a blaze of light.

The ballet comprises 14 scenes, which move from an opening white-clad ensemble, illustrative of the work's first question — "What would happen if, instead of living our lives, we were mad or wise enough to dance them?" — to a final explosion of activity exemplifying Blake's "Energy is eternal delight." Petit's central argument is that struggle between light and dark, between the Heaven of innocence and the Hell of madness, which he identifies with the victim figures of Pasolini, advocate of head-long gratification, and Dean as youth to be sought and pursued.

This imagined confrontation, the high-point of the ballet, is a conflict having an unabashed, tormented passion. Pasolini and Dean are brought face to face, and body to body, in a duet recalling a similar, and similarly powerful, duel of wills between Morel and St Loup in Petit's Proustian *Les Intermittences du coeur*. Jean-Pierre Aviotte is Dean, and looks not unlike him as the rebellious Innoncence; Paolo Bortoluzzi is Pasolini, quite unlike him in physique, but potent in suggesting his emotional drive. Dean's death is made a stunning coup de théâtre as a group of dancers bring on a vast white sheet which is spread over the stage and onto which Dean steps — his cinema career here symbolised — before he sinks through a trap door, shrouded in the immortalising screen. Pasolini, distraught, is then visited by a death figure (Luciana Savignano), who is inevitably shadowed by a handsome and fatal youth.

From what might seem a fey canonisation of two symbolic heroes of the cinema, Petit extracts maximum dance and emotional tension. Surrounding *this focal point are scenes which* serve as commentary and resolution of its tensions. A serene *pas de deux for Dominique* Khalfouni, luminously stylish, and Denys Ganio follows a gang-fight between two groups of youths, their bare torsos and white trousers making it a *Les Sylphides* for our liberated age. The ever-present danger of madness is typified by a wild and dislocated solo for the excellent Luigi Bonino, which leads into the culminating ensemble of frenzied movement.

Played without an interval, running for some 90 minutes, the ballet has its longueurs in the writing for the female corps de ballet and for the mannered Savignano, but elsewhere it finds Petit vividly responsive to the idea of obsessive passion and the delirium and death which can await its victims. And at the end of this allusive, phantasmagoric piece, Petit could well echo Blake's declaration: "What is now proved was once only imagined."

Boulez/BBC, Maida Vale

Andrew Clements

Pierre Boulez will be 60 on March 26. The BBC Symphony Orchestra is marking his birthday with two concerts this week: on Friday Boulez will conduct a programme of Berg, Webern and his own *Rituel* at the Festival Hall, while on Tuesday in an *invitation concert in the BBC* Studios at Maida Vale he presented three of his works.

One of the three, amazingly enough, was receiving its British premiere. *Figures — Doubles — Prismes* began life in the usual Boulezian way as a "work in progress' in the shape of short orchestral study *Doubles* completed in 1957. But the present *form*, still a single movement but now developing and transforming the original material, was reached as long ago as 1968, and though Boulez has conducted the work on a BBC SO tour, he has never to my knowledge done so before in London. It is one of his most substantial orchestral pieces, playing for 20 minutes, and revealing links with facets of his music which we have come to think of as much more recent.

Elements of the tiny orchestral *Notations*, for instance, especially their driving, jagged textures, were evidently first employed in *Figures*, while at several moments there are "windows" of textural and harmonic transparency, when the pace slackens and the chromaticism clears away, which are almost unprecedented in Boulez's output. More than with any of his other orchestral scores also there is a feeling of sustained organic growth, not the decoration and constant elaboration of a work like *Eclat/Multiples* but something, and one hesitates to use the word about Boulez of all composers, essentially symphonic.

After such a forceful demonstration of the solidity of his musical thinking, *Rituel* seemed more than usually dry and formulaic, and on this occasion a fraction too long. The smallscale *cummings ist der Dichter* separated the two orchestral scores, representing Boulez at his most charming and *colourful, but not I think a* major landmark in his composing career.

Absent Friends/Sonning

Martin Hoyle

"I know I'm running myself down," put-upon Diana affirms eagerly; but with a husband *like hers, who needs self-*effacement? Alan Ayckbourn's decade-old comedy is the first *to show the black streak of what* he has come to call his winter plays. It looks forward to *Just Between Ourselves*, another piece where a husband's obtuse selfishness steamrollers his wife to the edge of insanity; and it crystallises the Ayckbourn belief that there is nothing so destructive as good intentions.

A group of his old friends nervously awaits Colin, invited to a tactfully consoling tea-party after the death by drowning of his fiancee. The tea-tables are turned on them when, *with radiant resilience*, Colin showers them with women's magazine platitudes, homespun — *well*, *Dralon — philosophy*, and roguishly knowing advice for their own problems. These *include husbands adulterous*, helpless or hypochondriac. As so often in Ayckbourn's universe, the well-meaning have gone to the wall, bullied into subservience or even compliant cuckoldry by the crass egotism *of the world's*, or at least suburbia's, achievers.

Unusually for a British playwright, Ayckbourn writes well for women; and the new season's opening production at The Mill, Sonning's theatre-restaurant near Reading, underlines this with three excellent female performances.

Maggie Ollerenshaw's gawkily genteel Marge, gingerly reverential in the face of others' bereavement, emphasises how *the writing hones the common*place down to a fine point of inanity. The polite interest of her gaze, fixed on the hostess as the latter adds hot water to the teapot, reflects beautifully the desperation of social bafflement. The sullenly gum-chewing Evelyn, contemptuous of the men whom she deflates with every monosyllabic grunt, is a great comic creation, here well-judged by Sian Webber.

As the housewife teetering on the *brink of nervous collapse*, Carol Burns—*funny*, unexaggerated and touching as she is —suffers from the lack of the *requisite sounding - board*: Christopher Scoular is too lightweight, too affable, for her in*sufferable Paul*, a *niggler* rather than a crusher. Ms Burns almost emerges as the stronger character. Similarly Eilian Wyn, as Paul's wimpish sidekick, lacks a focus.

John Moreno's ferociously well-meaning Colin needs polish; Ted Craig, who managed a marvellously flexible *Wuthering Heights* for Cambridge recently, *moves the* characters slightly too schematicaly; but the play, argu*ably Ayckbourn's best, still* works.

Zacharias ill

Christian Zacharias has gone down with 'flu and Dmitri Alexeyev will take over his piano role at the LSO Barbican *concert tonight*.

Bequests to the nation

The Tate Gallery and the National Gallery are the main beneficiaries under the will of stockbroker Mr Kenneth Levy, published recently.

The paintings remain the property of Mr Levy's wife in her lifetime but eventually the Tate will receive works by Matisse, Utrillo, Stanley Spencer, William Roberts, Duncan Grant, Jack Smith as well as three Epstein drawings. The National Gallery will inherit works by Monet and Renoir. At present prices the saleroom value of Mr Levy's paintings must be close to £5m.

Medici Quartet/Purcell Room

Paul Driver

The Park Lane Group's continuing British String Quartet Series began a new phase on Tuesday evening with a programme performed excellently by the *Medici* Quartet. It was the first of three concerts, by different ensembles, featuring the last three of Sir Michael Tippett's four quartets.

It opened with Beethoven's F major quartet, Op 18, No 1, played with vigour, immense *fluency and, in the Adagio, fierce* expressivity. The Medici's clarity of ensemble and strength of collective mind, having been thus impressively announced, were *then put to the test* by that rigorously structured, gloriously textured single movement composed by Alan Bush in 1929.

His *Dialectic* Op 15 has a fame of a kind; but either its cerebral organisation (Bush's brief programme note read *like* an adumbration of the serial technique of the 1950s) or its composer's Left-wing politics, or both, have denied it the wider currency is deserves. It sounds like no other English music I know. There is nothing madrigalian or churchy or folksy in its manner; the nearest equivalent would have to be a Hindemith piece with super-added radiance and sincerity. Certainly, there is nothing cerebral about the way it strikes the listener—in a copious and *emotional outpouring*. The Medicis performed it with passion and great skill.

Instead of a new work by Edward Cowie, advertised earlier, we had the London première of Alun Hoddinott's String Quartet No 2, written for the Medicis last year. It is in five continuous short movements, all sounding rather thin, though using plenty of rhetorical tricks; but there were the *occasional strivings* to say something. Tippett's 2nd quartet, whose every rift is loaded with *ore, obliterated memory* of it. It was done bracingly and with a refinement that wanted only in the opening measures.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 1–7

Exhibitions

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which it travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 99th year and last survivor of the artists' *Paris of its great period* before the first world war.

Chagall, for all his popularity, has remained a maverick *artist*, *idiosyn*cratic and independent, and hard to categorise. We now see, however, that he has always been a good artist, and at times, most notably in *that first time* in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of the poetic *images* and ideas that have always haunted him and he has made his own – the soaring and floating lovers, the clowns and musicians, the flowers and trees, *and* that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

WEST GERMANY

Düsseldorf, Kunsthalle Grabbeplatz 4: The early Rhineland Art between *1918-1945*. Until the mid-1920s Düsseldorf dominated the renewed cultural life of the entire Rhineland. Among the *artists* are von Nauen, Campendonk, Klee, Zschokke, Macke, Moll, Schnurr, Flechtheim Ernst, Dix and Wollheim. One part *focuses* on problems of immigrants and cultural life under the Third Reich. Ends April 8.

Berlin, Akademie der Künste, 10 Hanseatwenweg: 130 paintings and 70 drawings from between 1945 and *1984* by *Rupprecht* Geiger, the German painter. Ends March 17.

Hamburg, Museum für Kunst und Gewerbe I *Steinterplatz*: Plastics only has 400 objects of plastic from salt-shakers to wireless sets from 1880 to 1960. Ends April 5.

Hamburg Kunstverein, Glockengiesserwall: More than 120 oil paintings on paper from 1949 to 1967 by Joseph Boys. This is the first time *these* works have been shown to the public. Ends March 31.

Hanover, Kestner Gesellschaft, 18 Warmbüchen*strasse*: A retrospective of Marc Chagall's works on paper from 1907 to 1984 has roughly 200 drawings, gouaches and watercolours. This is the only German venue *of* the touring exhibition. Ends April 8.

Frankfurt, Frankfurter Kunstverein, 44 Markt: *Italian* art between 1910 and 1980 offers about 80 paintings and sculptures by roughly 50 artists, among them *Chirico* Bocioni, Carra Morandi, Modigliani and Manzu. Ends April 8.

Munich, Villa Stuck, 60 *Prinzregen*tenstr. 60: This is the first retrospective in West Germany of Guilio Turcato, the Italian artist. It has roughly 50 paintings and objects and about the *same* number of works on paper. Ends March 10.

Nuremberg, Germanisches National-museum: Masterpieces of the 20th Century, from the private collection of the German industrialist Thyssen-Bornemisza. Manet, Gauguin, Bonnard, Mondrian, Picasso, Van Gogh, Schwitters, as well as Russian constructivists. Ends March 24.

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by *Louis XIV*, the *Louvre* boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, *mistakenly*, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

Odilon Redon. Some 500 oils, drawings and pastels given by Ari and Suzanne Redon show the symbolist painter's anguished isolation from the *mainstream* of impressionist painters while he follows the torments of his imagination and the inspiration of *his dreams*. *Musée d'Art* and Essai, 13 ave President Wilson (723 3653). Closed Mon. Ends April 30.

Impressionism and the French Landscape: *The* exhibition, conceived to coincide with the Los Angeles Olympics, treats the Impressionists' favourite subject matter from an unusual angle. The 125 paintings by the great names of the movement and by Manet and the Post-Impressionists, are divided according to themes. Rural countryside forms one group and the means of transport another, as do urban landscapes and the maritime universe. All show how the artists interpreted the traditional image of France and the modern one which developed in the wake of industrial progress. Grand Palais (260 3926). Closed Tue. Ends April 22.

NETHERLANDS

Amsterdam, Van Gogh Museum. A large selection from the holdings of the city's Stedelijk Museum provides a comprehensive survey of the "Dutch identity" in art since 1945: from Cobra and the Informal Group, via Zero and conceptual art, to the New Realists and the exuberant expressionism of the emerging generation. Ends April 15. (The permanent Van Gogh exhibition has moved to the top two floors for the duration).

Amsterdam, Stedelijk Museum. La Grande Parade (named after the painting by Léger) is a feast of high*lights in international painting after* 1940. Forty artists are represented with 250 works loaned from all over the world. The show is designed as an encounter between the late creations of patriarchs like Matisse, Picasso and Braque and works by the outstanding representatives of subsequent generations (De Kooning, Bacon, Pollock, Giacometti, Rothko and many others). Theory, for once, takes *second place*, *leaving the art* to speak for itself. On the ground floor is an impressive gallery of pho*to portraits of the artists exhibited*. Ends April 15.

ITALY

Venice: Museo Correr: Cezanne, Monet, Renoir, Van Gogh, Gauguin, Matisse and Picasso from the Hermitage in Leningrad and the Pushkin *in Moscow*. Ends April 14.

Rome: Palazzo Venezia: Rome 1300 to 1875 – Art of the Holy Years. A huge and splendid *exhibition* of paintings, manuscripts, medallions, sculpture connected with the holy years which have taken place every 50 or 25 years since Boniface VIII's first in 1300. Of particular interest is Caravaggio's The Conversion of San Paolo (which belongs to the Odescalchi *family*, and is not *normally on* public view) and the Veronica by El Greco, recently discovered in the Capuccine monastery in Toledo. Ends April.

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe *after Paris. Ends April 14.*

Herculaneum (Naples) Villa Campolieto: An exhibition entitled Terrae Motus – of modern paintings which are the beginnings of a new contemporary arts centre here: works by Warhol, Pistoletto, Beuys, Mapplethorpe, Twombly and Haring. Until April.

WASHINGTON

National Museum of American Art: 49 works by five 19th century black *artists* highligh a *show* of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, a student of Thomas Eakins and neo-classical sculptress Edmonia Lewis. Ends April 7.

NEW YORK

Treasures from the New York Public Library: 280 works chosen from one of the five best library collections in the world may cover America better than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements *of the discovery of the New York*, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this *show* lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Yamato-e (traditional Japanese paintings, of 18th century on, usually landscapes). Suntory *Museum*, Akasakamitsuke (near New Otani Hotel). Ends Mar 31.

Alex Colville, Canadian realistic artist who limits his output to three major *works a year exhibits 35 paintings*. Tokyo Metropolitan Teien Museum. Ends Mar 21 (443 2021).

Saleroom/Christie's

Antony Thorncroft

Christie's was well aware that the Kofler-Truniger collection of ancient glass, which it sold yesterday and on Tuesday, was the finest of its kind to appear in the auction room, but found difficulty in estimating its value. This is such a specialist market, lacking the "art for *investment" lobby, that the* rarity of the objects was the best indication that prices might be above forecast.

In the event, the collection brought in £2,384,078, with just four per cent unsold. The pre-sale estimate had been around *£1.5m. The exceptional quality* produced exceptional prices for the choicest items.

Yesterday, it was *early Egyp*tian glass, created not much more than 100 years after the generally accepted invention of glass in the Near East around the 15th century BC, *that set* new price levels. A turquoise flask with yellow and white trails, made around 1400 BC, sold for £237,600 as against a *cautious estimate* of £30,000. The flask still contains some of the kohl used to beautify its original owner.

A bowl of the same period, in very fine condition, went for £91,800; and a tiny inlay of a royal head, in opaque turquoise and *4cm high*, was bought by London dealer Robin Symes for £86,400. A later kohl flask, of the Achaemenid period (4th-5th century BC) was bought by an American collector for £56,160; and a 5cm-long disc depicting a bull, of the time of Christ, was bought by a Lebanese dealer for £30,240.

Robin Symes had paid the *highest price in the auction* on Tuesday when he acquired a cameo flask, 7.6 cm high and probably made in Turkey around the time of Christ, for £324,000. Its decoration—white carvings of naked boys before an Egyptian god and a pharoah on a cobalt blue background—links the Hellenistic and Egyptian worlds, and the price was *more than double Christie's top* estimate.

Symes also paid *£54,000 for* a bluish-green drinking beaker decorated with gods and seasons, made in Palestine before 100 AD; while another London dealer, Mansour, gave £102,600, three times the top estimate, for a flask decorated *with a pretty moulded face and* produced around 450 AD in the eastern Mediterranean.

Mosaic plates did particularly well, with a top price of *£43,000* for an *example with* green, yellow and purple colourings. The bidding was dominated by dealers and private collectors, including many Americans, but the Museum of Applied Art in Sydney paid £21,600 for an east-Mediterranean mosaic glass alabastron of 100 BC-100 AD.

FINANCIAL TIMES

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Thursday March 7 1985

Car pollution deal needed

MINISTERS responsible for the environment in the European Community will try in Brussels today to calm an argument which threatens to hamper the free movement of new cars within the Common Market. The row was set off by Bonn when it decided to tighten controls on exhaust emissions more stringently and more rapidly than the other nine members of the Community.

If allowed to get out of control, the dispute could conceivably lead to a limited trade war between the Germans on the one hand and the British, French and Italians on the other. That can scarcely be consistent with the ostensible commitment of the EEC to a determined effort to remove obstacles remaining to the free movement of goods within the Common Market.

The commercial, industrial and environmental issues involved are grave enough. But even more is at stake. So far, the argument has been conducted largely with immediate national interests and national political pressures in mind. The German Government needed to find some response to the growing environmental concerns in West Germany, and especially to worries that pollution was rapidly killing off the country's forests. Britain, France and Italy foresaw disadvantages for their own motor industries whose competitive position against German manufacturers is already quite difficult enough.

Dangerous

Keeping the argument at that level is calculated to give politicians in general and Community politics in particular a bad name. The key question which the ministers should address today is whether the sulphur and nitrogen compounds at present emitted from European motor-cars are dangerous to man and vegetation. If so, they should be reduced and preferably eliminated as soon as reasonably possible.

Precisely which compounds are harmful and to what extent is something that the scientists are arguing about. But the weight of the evidence now is that they are dangerous. It follows that the ministers should make cleaner air a priority.

That, of course, is the case with which the Germans are going to Brussels. They could have made it even more persuasive if they had not shied away from the simplest way open to them: cutting exhaust pollution by introducing speed limits on their motorways. The motorists' lobby seems to carry even more weight in Bonn than that of the environmentalists.

Bonn made it clear as recently as this Monday that it intends to stand by its clean-up plan. The two elements are regulations insisting that, from 1989, all cars newly registered in Germany shall conform to the very tight U.S. and Japanese regulations on exhaust fumes: and immediate tax incentives for Germans to begin buying their cars equipped with three-way catalytic converters. These converters are the only technology available at the moment to reach the standards proposed.

Export debate

The Common Market partners of the Germans argue that the proposed regime will militate against their car exports to Germany. The converters are, relatively, more expensive to instal in small cars, which constitute the bulk of German car imports, than in bigger models. Moreover, German motor manufacturers could achieve greater economies of scale in their own home market than could their competitors with smaller market shares.

It is also argued that the German controls would give the Japanese an unfair advantage because at home they already have to meet standards similar to those proposed in Germany. That argument should be used *with caution*. If the Japanese can do it, why not others?

It is also argued that the catalytic converter will soon be out of date—that more elegant and cheaper means of controlling exhaust emissions are on the way. The trouble is that the so-called lean burn engine is not going to be available for mass production until well into the 1990s, and its industrial viability has yet to be proved.

A strong case therefore exists for keeping up the pressure on industry to reduce the noxious contents of exhaust fumes quickly. How quickly is a question that the ministers ought to struggle very hard to resolve. The German time table may be a bit too fast for the rest of the Community. But the others should consider going at least some way towards meeting Bonn's aims. A prolonged conflict would be harmful both to the cause of clean air and that of freedom of trade among the Ten.

Tax incentives for small firms

THE Business Expansion Scheme was one of the most eye catching experiments in the Thatcher Government's first term. Designed to boost private equity investment in small firms, it was one of a galaxy of tax based measures intended to create a more entrepreneurial climate in Britain.

While there are hopeful signs that the policies generally have miproved the incentive for risk taking, the record of the Business Expansion Scheme so far is giving cause for concern.

In particular, the *recent* rush by investors into property development companies — following on last year's burst of enthusiasm for farming—has again highlighted a use for which the scheme was not originally intended. If successful, the BES property developers of the last few months could pull in more than £50m before the end of the current tax year —or *nearly 20 per cent more* than that raised by managed funds investing in a range of industrial and commercial businesses during 1984-85.

Ministers' questions, however, should go beyond this apparent abuse. For there is little evidence that the BES is succeeding in its broader objective fop roviding a genuinely new source of small business equity.

Conditions

The purpose of the BES — which started life as the Business Start Up Scheme — was to encourage a new class of equity investor. Under the conditions of the scheme as it now stands, individuals are allowed full tax lief on new equity investments in unquoted companies up to £40,000 a year. Investors can opt eithetr to go through a managed fund — which will spread the risk — or to take a direct stake in a single company of their own choice.

The Government has already drawn some comfort from provisional figures published at the end of last year for 1983-84. These show that at least £80m companies, that well over half of these were start-ups, and that many *had* raised relatively small amounts of money. This last point is particularly encouraging since evidence from enterprise trusts and the plethora of public- and private-sector agencies set up to help small firms suggests that it is the small sums which are most hard to come by from traditional sources.

The real test of the BES, however, is whether this new source of risk capital is reaching companies which would not otherwise have been able to get hold of new equity (or at least equity on these terms) and whether those companies deserved to get it in the first place. Although an official study has been commissioned *to look into these questions*, it is impossible at this stage to provide any satisfactory answers.

What can be said — and the rush into property proves it — the BES has become a very firm favourite ofthe UK's ever ingenious tax avoidance industry. Most accountants would agree with the comment of one recently arrived American who *said that the BES constitutes* "the best tax shelter in town."

Distortions

The result is that many investors and their advisers — faced with the prospect of a £60 contribution from the Government for every £10 invested in the case of a 60 per cent taxpayer — are quietly channelling their money into relatively safe asset backed companies. A further consequence of the BES being used as another tax shelter is the general lack of involvement by outside investors in the unquoted company to which their money is committed. The Government had hoped originally that BES investors through a sort of osmotic process could add value to the small firms sector.

The distortions allowed under the BES are all the more striking given the present Chancellor's firm commitment to fiscal neutrality—as illustrated by the phasing out of accelerated depreciation, the abolition of stock relief, and the end of life assurance premium relief.

Given the rapid increase which has taken place in sources of capital for small business, it must be open to question whether the tax incentives contained in the BES are any longer necessary or appropriate.

COMMERCIALISING TECHNOLOGY

Seeds of hope for the future

By Peter Marsh

THE West Berlin senate is spending £20m converting a set of 19th-century factory buildings into an innovation centre for technically-minded entrepreneurs.

In Eindhoven, Philips, the Dutch multinational, has set up a consultancy to help people with bright ideas to start scientifically orientated businesses.

In Britain, several local authorities are starting technology-transfer units to make existing industry more aware of techniques such as automation, while across the whole of Western Europe politicians and planners are examining science parks as a vehicle to bring together fledgling enterprises and university institutes to further technical innovation.

The moves are part of a flurry of activity in Western Europe to find ways to commercialise, via new or existing businesses, technologies that are locked up in the world of research.

Mechanisms to transfer technologies to the commercial sphere have suddenly become important politically. They are linked to other initiatives to tackle Western Europe's two big problems—mass unemployment and the large gap (which some observers say is widening) between the continent's level of technical literacy and that in the U.S. and Japan.

The main actors in the measures to boost commercial applications of technology vary from place to place, as do their motivations and specific policy instruments.

But virtually all the moves emphasise small-scale initiatives. Gone, perhaps for ever, is the notion that economic growth *(and with it job creation)* can be guaranteed by spending large sums on big projects in manufacturing or in any other kind of industry.

Herr Wilhelm Kewenig, West Berlin's senator (local-government minister) for science and technology, warned at a recent conference in Berlin against the thought that initiatives such as science parks and innovation centres will create large numbers of jobs.

The main effect of such ventures, he suggested, is purely psychological. He said they give a highly visible boost to new enterprises in science and technology that may, ultimately, lead to new industries.

"Innovation centres can change ideas and prejudices and trigger off developments," said Herr Kewenig.

The Berlin innovation centre, opened at the end of 1983, symbolises the difficulties of breathing new life into inner-city areas that are suffering from the closures of established industry and other social problems.

The centre is in Wedding, an economically depressed part of *the city no more* than a rifle shot from the Berlin Wall. It will be based on buildings in which, as little as 30 years ago, roughly 6,000 people turned out of the district motors and turbines for AEG, the giant electrical company.

In addition to putting up the cash for the conversion work, the Berlin senate is paying *about £80,000 a year* to cover administration and other running costs.

Even if the project goes as well as its backers hope, the converted factory units will employ only a fraction of the numbers who once worked on the site by the time the centre is fully open in 1990.

At that point, the innovation centre should house a total of *about 60 small* technology-oriented companies as well as established businesses and engineering departments of the Technical University of Berlin.

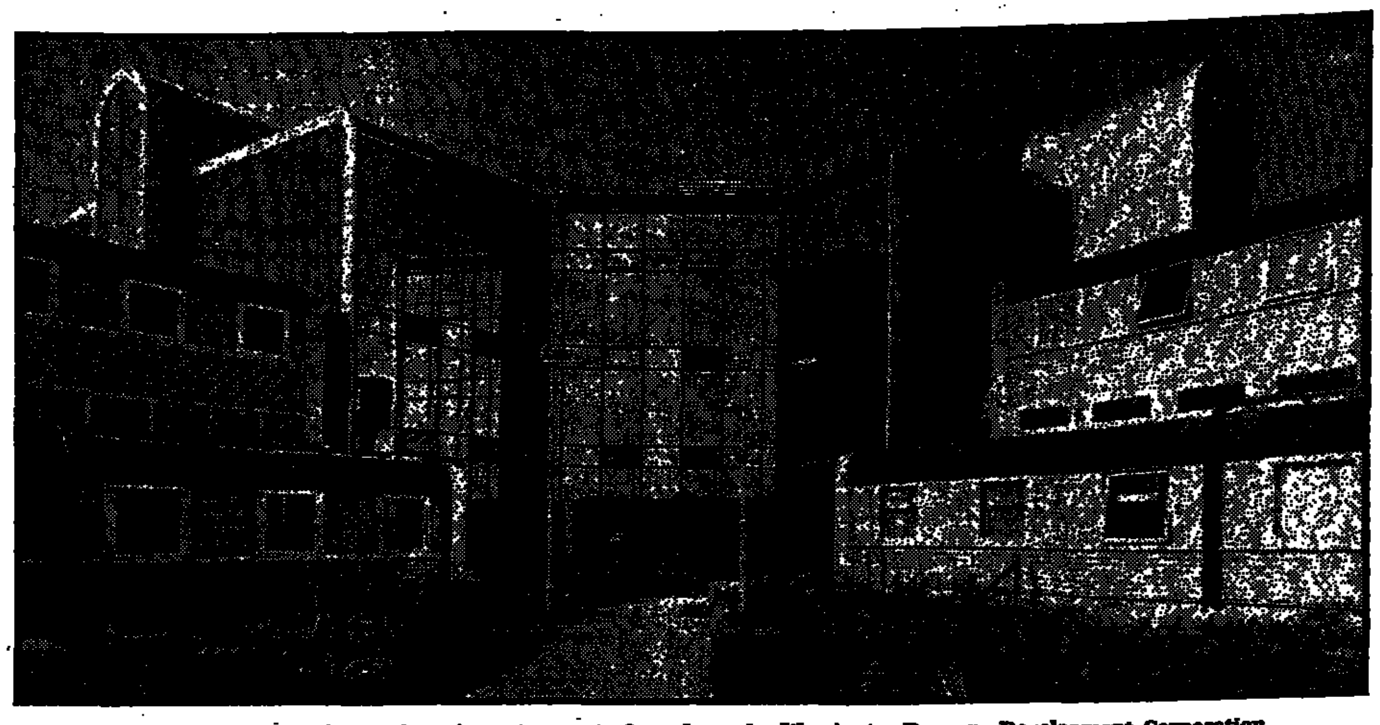
The three kinds of entity should create a climate in which technology and entrepreneurship intermingle, according to the centre's backers.

The venture has had a promising start. Nixdorf, the big computer company, has agreed to base a new plant on the site that will employ several hundred people.

A small part of the centre is already open and is full to bursting with about 25 fledgling companies, employing roughly 100 people. They include businesses in electric control systems, new materials for insulation and robots.

In the past year, about 50 towns or cities in West Germany have followed West Berlin's lead, either setting up or announcing their own innovation centres.

Prime movers in these arrangements (as in similar moves to set up such ventures in other parts of Europe, particularly in Britain, Sweden and *the Netherlands) have been* local authorities, aided perhaps by a nearby academic institution and the chamber of commerce



A typical science park: the Genesis centre, part of a scheme by Warrington-Runcorn Development Corporation

Besides providing accommodation for the new enterprises, innovation centres and science parks may help in other ways—for instance, by putting would-be entrepreneurs in touch with sources of venture capital or management and technical expertise.

Universities may become involved in ventures such as science parks for their own special reasons. Their aim is not so much to boost the economies of their neighbourhoods (though this can play a part in their *thinking*) as to strengthen *links with industry or simply* to improve their finances as a landlord for industrial property and through research contracts.

Mr Ian Dalton, director of one of Europe's best-established research parks, formed 13 years ago at Edinburgh's Heriot-Watt University, points out that his institution gains in several ways through its association with the 20 or more companies on the park.

For instance, many of the people employed by the companies work part-time at the university. The resulting social intermingling keeps undergraduates informed of the latest industrial trends and improves the content of teaching material.

Surrey University, located in a relatively prosperous part of southern England, decided to set up its science park partly as a reaction to the Government's education cuts in 1981, which badly hit the university.

The institution reasoned that it could make up some of the financial shortfall by increasing its (already considerable) effort to attract research funds from industry, a ruse that would be helped by a science park on its doorstep.

Established businesses are playing an increasingly important role in measures such as science parks. Take Grand Metropolitan, which is to manage a building on the Surrey park as an "incubator unit" for small *high-technology* concerns.

In this way, Grand Metropolitan hopes to strengthen its ties with innovators who might develop products and processes of interest to the large company, in food processing or biochemistry for instance.

> For those on the dole queues, science parks and innovation centres are no more than a glimmer of hope on the horizon

Dr Douglas McQueen, of Chalmers University in Gothenburg, Sweden, says that big Swedish companies such as Asea are expressing interest in a science park due to be built at Chalmers, mainly because they would be in a good position to recruit promising graduates.

In collaboration with the Dutch bank Nederlandsche Middenstandsbank, Philips has founded SKB, a small company on a local-authority backed *innovation centre in Eindhoven*. SKB channels technical and financial help to innovators who wish to start companies.

Since June 1983, SKB has helped with the formation of 23 enterprises in areas such as lasers, pharmaceuticals and computers. Philips became involved because it felt a social responsibility to spread technical ideas into the Dutch economy, according to Mr Ed Endel, SKB's project manager.

Most science parks or innovation centres have been financed from public funds, from universities or local authorities. In a few cases, moves are afoot to attract to such ventures private-sector funding.

Warwick University near Coventry, which has already persuaded Barclays Bank to put up £1m of the £3.5m so far invested in the university's science park, is attempting to raise £5m from pension funds and insurance companies to finance further stages in the park's development.

Barclays is one of several companies that have joined a "club" of West European *business and innovation centres* set up at the end of last year with financial support from the European Commission. The group intends to further the flow of ideas between innovation centres and to help small enterprises in these places in efforts such as collaborative marketing arrangements.

Other companies which have joined the club, whose chairman is to be Viscount Etienne Davignon, the former EEC industry commissioner, include IBM, National Westminster Bank, the National Coal Board, Control Data and British Steel.

Not all the technology-transfer initiatives are aimed at enabling people to set up new companies. There is a danger that existing enterprises will be *left out by the emphasis on* start-ups, according to Professor John Goddard, of the regional studies department at the University of Newcastle-upon-Tyne.

Prof Goddard is involved in the Newcastle Technology Centre, a body backed by £500,000 (some of it from an EEC grant and the rest from local councils) which will put industrialists in touch with researchers from the three *academic institutes* in the region, the university and polytechnic at Newcastle, and Sunderland Polytechnic.

In a similar move, the West Midlands County Council is establishing a £400,000 technology-transfer unit at Aston University's science park in Birmingham. The unit aims to strengthen the links between local companies and research groups around the country, through measures such as seminars and consultancy advice.

Many of the people piloting the new initiatives in Western Europe admit they are inspired by examples of technology-led booms in places such as Boston and Silcon Valley in the U.S. In such areas, a small number of science-oriented companies sparked off a snowball effect, attracting more and bigger companies and creating wealth (and industries) to guarantee the locality's economic health.

The problem with these examples is that the boom conditions came about with little or no planning of the kind that Western Europe is now organising. Growth took place because of largely chance factors such as the influence of a few key individuals with bright ideas, often from local academic institutions, and the availability (at the right terms) of venture capital finance.

In the case of the U.S. examples, the characteristics of American society which automatically give greater encouragement to the entrepreneur and the advantage of the huge U.S. market were natural stimuli. They are inbuilt aids of a kind that the most inspired government planner would find difficult to replicate in Europe.

There is, however, some evidence that tinkering with social and economic structures can aid the transfer of scientists' ideas to the commercial sphere.

Studies at the Technical University of Twente in the Netherlands and Chalmers University in Sweden have shown that the number of new companies started by academics has increased substantially since the university instituted measures to help such business, such as special grants or innovation seminars.

Though these studies provide a few hints of promise for the future, it is evident that the technology - transfer measures now in vogue offer little immediate relief for the millions in Western Europe's dole queues. For these people —and for the politicians and administrators who would like to see *quick results* from their efforts—science parks and innovation centres are no more than a glimmer of hope on the horizon.

Men and Matters

Our man in Shanghai

Trevor Mound's first visitors arrived *before* his furniture this week. Britain's new consul-general in Shanghai, the first since 1968, found a Cabinet Minister and 10 top industrialists on his doorstep at the start of a commercial flag-waving tour of China.

Life is likely to be like that from now on. Mound, 54, expects to spend most of his time looking after the 12 UK companies already represented in Shanghai, and a growing stream of visiting businessmen looking for contracts in an industrial development region of some 220m people.

Seventeen years after the British consulate was closed at the height of the cultural revo*lution, the competition has be*come more intense. The Americans, Japanese, West Germans, French, Australians and Poles all have consuls in the city.

But Mound, or Meng De Hui (Eminent virtuous affection) in Chinese, looks like becoming a notable figure around town. Tall and spare, in his Inverness cape and Herdwick hat from Lock's of St James ("It's not a deer-stalker"), he has the modest but derring-do air of a *John Buchan* hero. He will be driven about in a London taxicab, painted royal blue, chosen for its manoeuvrability and legroom.

He only turned diplomat at the age of 37, but has served in Luxembourg, Calcutta, Beirut (where he helped evacuate British residents during the civil war in 1976) and in Peking.

Before that he was a regular soldier—which has some diplomatic advantages, he says. When he meets veteran Communist revolutionaries in China, *he tells them he used to fight* their sort in Malaya. "There is always a rapport between old soldiers, even if they were on opposite sides."

"Never mind putting fluoride in the water, can't they put something in his tea?"

Islands' image

Norman Saunders, aged 41, the Chief Minister of the Turks and Caicos Islands, who was arrested on Tuesday in Miami on drugs charges, has been a key promoter of offshore banking on the islands.

The regulation of offshore banking began just before he took office in 1980, and gathered momentum under his drive.

Saunders, a dapper, quiet-spoken man, who trained as an accountant, was convinced from taking office that the establishment of the islands as an offshore financial services centre was the best means of getting away from dependence upon British grant-in-aid — even though he had no wish for independence.

His arrest begs some questions about the islands' image and once again puts the Caribbean offshore banking centres in a bad light. Ironically, the Turks and Caicos *had hoped to* attract new business from the bad publicity received by Cayman for dealing with laundered funds, and by the Bahamas government for its involvement with "narcotics dollars."

Saunders started his working life with the Turks Islands Salt Company. He moved to the Caicos Company, a service group whose operations included aircraft and ship refuelling. In 1972 he took charge of the Caicos Air Service Company, an arm of the Caicos Company, which managed the fuelling operations of the South Caicos Airstrip. A year later he bought out the business and still controls it.

He has been in politics since 1967 and last year his Progressive National Party won elections for the second time.

Legal burden

Proof, if it were needed, that the law is a weighty business, is provided by figures issued by the Law Society of Scotland about a project for an encyclopaedia of the modern laws of Scotland.

The 25 volumes will run to a total of 8m words on 214,500 sheets which, if laid end to end, would stretch 170 miles.

Some 300 experts will be involved in writing the tomes, and the writers and printers will need three years to put them together. A 25-tonnes print run is planned.

Contributors will include *Scottish Lord of Appeal*, Lord Fraser of Tullybelton; Lord Emslie, Lord President of the Court of Session; John Smith MP, former secretary of state for trade; Malcolm Rikind, minister of state for foreign and commonwealth affairs, and Dr George Forwell, the Queen's Physician in Scotland.

The first volume of the encyclopaedia is due out in *September next year, and it will* be published by Butterworths, the largest law publishing firm in Britain.

The publishing contract was signed in Edinburgh yesterday—appropriate gravitas being added to the occasion by the use *of a 200-year-old quill pen*.

The title of the encyclopaedia will be the Stair Memorial of the Laws of Scotland, after a Scottish lawyer and statesman who published the first comprehensive guide to Scottish law—dedicated to King Charles the Second—in 1681

The cost of the set will be £2,000—for orders placed before publication, that is.

The Law Society adds reassuringly that staged payments can be arranged.

Strike one

One group of strikers who outlasted the miners are celebrating their anniversary today. Eight members of the National Union of Journalists have been out for a year in protest against the dismissal of four London employees of the Libyan news agency, Jana.

The dispute began when Alam Hanano, a Syrian, was dismissed for alleged absenteeism. The strikers claim he was protesting about the late payment of his wages, and that Jana pays only half the rates of other Arab news agencies anyway.

Salih Najim, the agency's director, says he regards the sackings as final, and the dispute as over long ago. And despite his well-publicised talks with the NUM about support for the miners' strike, Colonel Gaddafi has shown no interest in the issue.

The strikers will mount a larger picket than usual outside *Jana's base at the International* Press Centre in Shoe Lane today.

Bard to worse

Reeling under the weight of £347m of underwriting losses disclosed this week, Royal Insurance still retains its sense of humour judging by its choice of Shakespeare play to sponsor at the *Barbican last night*: The Comedy of Errors.

Observer

ECONOMIC VIEWPOINT: UK BUDGET

Credibility, not a hairshirt

By Samuel Brittan

The extent to which the Chancellor's scope for manoeuvre is influenced by his PSBR target is widely exaggerated and widely misunderstood. A PSBR forecast can be readily altered, in either direction by several billion pounds by making minor changes in assumptions. . . . Thus it is not a matter of the Chancellor opening the till on Budget Day and giving away whatever sum he finds; the amount in the till is substantially determined by what he plans to give away.

Moreover, this is as it should be. The Chancellor's Budget judgment is, and ought to be, the product of a broad assessment of the economic and political situation rather than of mechanical arithmetic. . . . The difference between the economic effects of two different ways of achieving the £7bn target of the financial strategy is likely to be much greater than the difference between the alternative figures.
Institute for Fiscal Studies "Green Budget" 1985

THERE ARE few decisions less relevant to the future course of the British economy—or even sterling and inflation—than the so-called "Budget judgment," which by this time of year is a decision whether to add or subtract, say, £1bn from the projected borrowing requirement. Concentration on this number trivialises economic policy.

Almost anything one can think of—the dollar, oil prices, coal imports, the effects of the end of the miners' strike on union militancy — will be far more important. The reported and pusillanimous decision to maintain Wages Councils — which throw the Government's influence on the side of "no pay" rather than "low pay" in trades covering 3m workers —is far worse for jobs than the tightest of Budgets.

Even at this late hour, I would (for the record) urge the Chancellor to astonish the commentators by an all-out attack on fiscal privileges—extending VAT, taxing pension funds, phasing out mortgage interest relief, re-rating farmers and so on to raise between £6bn and £10bn in an eventual full year. He should then use every penny on all the suggested job-providing ideas, which have any chance of producing results, unless they are positively damaging in the longer run.

Politically, this would be difficult to oppose, as many of the most vociferous interest group spokesmen among Tory MPs are also those who bellow loudest that something should be done about jobs. If a package of this kind were likely, I should advise buying sterling, irrespective of the PSBR effects in 1985-86. If the present Cabinet will not accept the package, it should be "taken to the country." For it is only as a package — and a large package at that — that there will be enough winners to outweigh the losers.

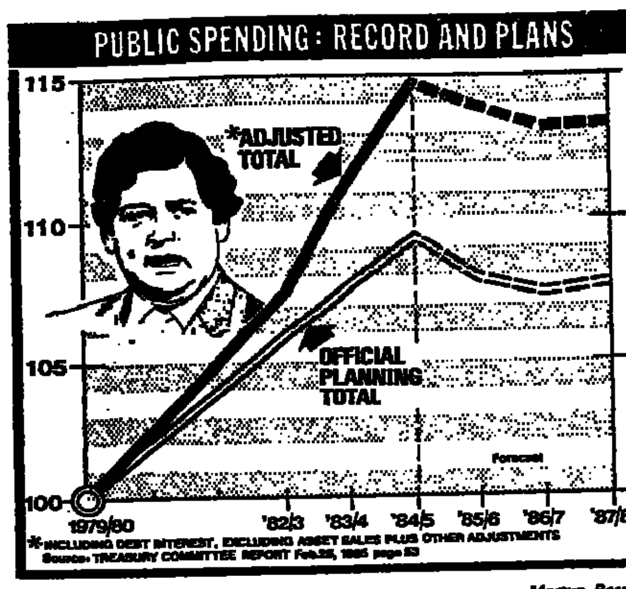
But if Nigel Lawson will not go as far as this, he should at least go back to the original instincts of the incoming Conservative Government in 1979, which were to control monetary growth to check public spending and to "throw out" the Treasury model. (The latter so far from being a maverick idea was soberly put forward by Alan Budd of the London Business School in a paper "Disarming the Treasury" in which he argued that the Chancellor's advisers should seek the year's "best buy" among outside forecasts, without any embarrassing commitment to a model of their own.)

The basic mistake of the Thatcher economic team was to allow itself to be persuaded instead to make a reduction of Government borrowing such a high policy priority. The argument was that this would enable the monetary objectives to be achieved at low real interest rates—an argument which overlooked the fact that real interest rates are determined in a world market for savings and investment. All that the British Government can hope to do is to minimise the uncertainty and confidence premia superimposed on the going international rate.

The Reagan experience surely suggests:

- That over several years and over a very wide range of figures, monetary rather than fiscal policy is the clue both to inflation and on occasion to short-term variations in real activity;
- The relevant monetary magnitudes do not correspond to any of the standard target aggregates, but that central banks have to experiment with the effects of different policies on nominal GDP on the basis of "suck it and see."

The toleration for widely differing Budget deficits is shown also by much smaller countries. Belgium has an inflation rate of 5 per cent despite a negative Government financial balance of over 11 per cent of GNP. Spain has half of Belgium's deficit but twice its inflation rate. Those who think a high Budget necessarily an employment stimulus, might note that Ireland has a Government borrowing ratio twice that of the UK, but a rapidly rising unemployment rate which is now 16¼ per cent. And so one could go on, and on.



Martyn Barnes

One officially fashionable approach to public sector borrowing is called "debtism." This attempts to estimate the ratio of government debt to national income consistent with zero inflation and to work out a path to it. But as a very clear exposition in the London Business School *Economic Outlook* points out, not only has the debt to GDP ratio ranged widely from two to its present ratio of less than a half, but many different ratios may be ultimately consistent with zero inflation.

Moreover, practitioners of "debtism" differ enormously on the definition of the Budget deficit to use and how to adjust for "demand" boosts or for inflation. Indeed, the Chancellor has been given an even wider range of advice by rival debtists than by any other school (compare Gavyn Davies of Simon and Coates with Tim Congdon of Messels).

In the light of the above, I asked an ex-Treasury economist why the PSBR had such a prominent place in official strategy. His answer was very simple: "To give the Treasury a handle on the spending departments." The chart does not suggest that the handle grips very firmly.

"But despite all," I hear you say, "is not a very conservative borrowing requirement necessary to avoid another run on sterling?" The underlying trend of sterling is determined, *inter alia*, by relative inflation rates, overseas investment flows and the oil factor. Government borrowing can act either way depending whether "confidence" or "suction" effects (to be discussed next week) predominate.

If the oil factor is destined to push the real exchange rate further down, there is little the Chancellor can do but grin and bear it. There is still less he can do if a booming dollar takes the ridiculously over-publicised sterling-dollar rate to "parity" or below—except open a bottle of champagne. The most that the Treasury and the Bank can do is put an occasional brake on the rate of sterling movement, and for this purpose, interest rates are more effective than fiscal stringency.

Whatever else the Budget should be, it should not be designed to win the applause of the no-longer-so-young men who write brokers' circulars. Both President Reagan's economic forecasts and his spending and tax programmes have been given the thumbs down sign by Wall Street opinion for well over four years running; and the New York critics have been right about the budgetary arithmetic, but 180 degrees wrong on the dollar, and pretty wrong on growth and inflation too.

But even if in the UK the Treasury knights believe that their overriding aim must be to strengthen "confidence" it is naive to suppose that the way to do so is to announce a PSBR lower than anyone expects if no one believes the spending projections on which it is based. Credibility is more important than low numbers.

The Government first came to office with the object of reducing public spending, which was afterwards changed to stabilising it. But even on its own definitions (and before updating the 1984-85 figures for the miners' strike) public spending has risen by an average of 1½ to 2 per cent per annum at constant prices. On the Treasury Committee's definition it has risen by nearly 3 per cent.

Of course, the Treasury's public spending hopes should exceed its grasp. But there is a point at which the credibility gap becomes ridiculous; and a £9½bn projected PSBR based on credible spending estimates will be better received than £5bn based on funny numbers.

Another place to avoid over-optimism is on oil revenues, partly because financial markets are conscious of the downside risk and partly because they have been persuaded by economic puritans that oil revenue bonanzas "ought not to count."

Where on the other hand the Treasury could probably do with an injection of optimism is in its forecasting of non-oil revenues. Just as it underestimated, at least in public, the effects of the miners' strike in undermining growth and the PSBR in 1984-85, it may well underestimate the favourable rebound in 1985-86.

There is also a danger that the Treasury will overestimate the effects of high interest rates on growth and therefore on revenues, and for that reason recommend little or no tax reliefs, thus setting up a self-reinforcing depressive cycle. Just as generals are always winning the last war, the Treasury model has recently been adjusted to take more account of interest rates—just when the very comfortable corporate liquidity cushion may be making them less important.

Indeed, the Treasury's own model, if run ahead to the next election and beyond, shows that the unfavourable effects on growth of high nominal interest rates eventually disappear, leaving us with a legacy of lower inflation and a stronger pound. At this debating level, tight money scores high marks in relation to the fiscal hairshirts.

The cost of resisting the miners' strike in the expiring financial year has been between £2bn and £3bn, and the spillover into 1985-86 could be up to another £1bn. Just as the 1984-85 payment was rightly described as an investment by the Chancellor so should the payment next year—so long as it is followed by a freeing of coal imports, coalfield decentralisation and a continued tough line on union monopoly. Here is another reason for tolerating a PSBR only a little lower than the 10bn or so likely in 1984-85.

But I must make it clear that my support for a non-hairshirt fiscal stance is based mainly on the case for supply side stimuli and incentives and to some extent on the desire to offset interest rates, likely to remain high. There is nothing in it for growth merchants and reflationists.

THE TREASURY MODEL

Effects of 1% interest rate rise on:	Growth rate %	Inflation rate %	Earnings vue %	Sterling-index level %
Year 1	−0.2	−0.1	0	+2.3
Year 2	−0.3	−1.0	−0.6	+4.3
Year 3	+0.1	−1.2	−1.5	+4.8
Year 4	+0.2	−0.9	−1.3	+4.3

Source: Bill Martin, Phillips and Drew, based on Treasury Manuals

In Samuel Brittan's article about share ownership (Feb. 25), the publisher of Robert Heller's book "Shares for Employees" should have read Poland Street Publications: price £4.95.

Lombard

Investors must come first

By Barry Riley

SIR KENNETH BERRILL is a man of great talents and experience, but he is not a person likely to strike instant terror into the hearts of the shadier operators in Britain's financial markets. Moreover he has gone out of his way to indicate that he does not see his role primarily as being that of the City of London's policeman. This is not a promising beginning.

Admittedly Sir Kenneth has pointed out that he is freshly appointed, will be absorbed in existing commitments for another two months, and has asked for time to be able to formulate his ideas more fully. This is fair enough. But there appears to be a distinct danger that the two arms of government to which he will be relating, the Department of Trade and Industry and the Bank of England, may not be steering him in precisely the right direction.

To the Bank of England, the objective appears to be to secure the reputation of the City of London so it can continue to evolve into a major international financial centre. But the original pressure for a new investor protection framework arose from various domestic problems, including the crashes of M L Doxford and Norton Warburg.

Developments in the City of London, in particular the opening up of the Stock Exchange, have certainly widened the perspective of regulation. But the regulators must not take their eyes off the ball.

It is an open question whether the right breed of regulator actually exists in the UK. Originally the Bank of England was looking for a kind of superman to take on the responsibilities of chairman of the Securities and Investments Board (SIB), but when the quest proved fruitless it opted for an alternative two-man formula, with a senior figurehead combined with an aggressive young Turk. As a precedent for this Batman and Robin arrangement, the pairing of Lord Shawcross and the young Ian Fraser in the early days of the Takeover Panel was much cited.

But on Tuesday, Sir Kenneth seemed unclear about whether he would be looking for the support of a powerful and permanent chief executive. Instead, he talked about recruiting bright youngsters in their 30s from financial institutions on two-year secondments. This does not seem to be taking the challenges seriously enough.

Undoubtedly seconded personnel will have a role to play, but if it is to be a credible body the SIB will need to recruit its own senior staff. The success of the Takeover Panel has rested very largely on a core of case-hardened executives with a long-term commitment to the business of regulation. This will be much more true of the SIB, which will have considerably wider responsibilities than the Panel.

Sir Kenneth also appears to have a rather optimistic view of the role that competition can play in the protection of investors. It may be true that professional investors will benefit from lower charges and better service in more competitive conditions. But it is also true that fierce competition encourages market participants to cut corners.

Private investors, moreover, do not have any reliable way of recognising value for money in what they are being offered. At this level, investment services are usually sold rather than bought. The arguments in life assurance—admittedly not Sir Kenneth's direct concern—are all about the need for control of commission levels and advertising claims.

Perhaps Sir Kenneth is prudent at this stage to be discreet about the size and expense of the SIB, which will have to be financed by levies on investment transactions. It would be wrong, however, for anybody to get the idea that proper regulation can be had on the cheap.

As for the Department of Trade and Industry, it must insist that the SIB fulfils the role of protector of investors and not protector of the City of London. Sir Kenneth's observation on Tuesday that he sought a system of regulation "of a kind which suits the London markets" gave a hint that he may not be tackling the problems from the right angle. So did his evident playing down of his responsibilities to the private investor.

The global plane may be loftier, but small investors will look to Sir Kenneth Berrill for protection. He must not disappoint them.

Letters to the Editor

Cash and profit sharing

From the Director of Operations, Job Ownership.

Sir,—May I add a few comments to the important debate stirred up by Samuel Brittan with his excellent article (February 25) about the Weitzman proposals?

I suspect that George Copeman (March 1) is off target when he suggests that in a Weitzman economy special arrangements would have to be made for capital intensive firms. For as I understand it the "value added" which he proposes to divide up is simply the sum of profits and wages. Interest charges (and depreciation) will be fully taken into account before the proposed division is applied.

It would surely be absurd if the protagonists of cash profit sharing on the one hand and employee share ownership on the other should start coming to blows. Reasonable men can approve of both. Moreover there is no reason why both should not be introduced by the same firm. That is what happens in two important and in some sense exemplary cases: the National Freight Consortium (NFC) and the Baxi Partnership. It is also what happens in the widely admired and astonishingly successful Mondragon group of co-operatives in the Basque Provinces of Spain.

But to point to those cases which embrace both individual employee share ownership and cash profit sharing is not to imply a dismissive attitude to the John Lewis Partnership (March 4) which restricts itself to the second. JLP obviously feels comfortable with its present ararngements and they should not lightly be disturbed. And it has a quite outstanding record. I don't believe that it would be undermined if it introduced an element of individual employee share ownership on the side.

Though Martin Weitzman's proposals do not involve any switch to employee ownership they are fully compatible with it. Indeed they would be likely to work better to the extent that employee ownership was introduced in harness with them. For one thing that would dispose of Mr Copeman's second "problem." Employee owners have the best possible employee interest in accepting a need to plough back profits as a means to protect their employment and foster growth.

It is surely not good enough for Mr Willard (March 4) simply to rehearse precisely those problems with which Prof Weitzman's proposals are designed to come to grips. Of course in this country there is strong resistance to a downward adjustment in take home pay-

The great force of the professor's case is that this resistance can be reduced by switching to a more profit related system of remuneration. And he points unerringly to the benefits enjoyed by the Japanese as a result of just such a system.

Robert Oakeshott,
9, Poland Street, W1.

Administering a code

From Mr A. Grey

Sir,—Sue Cameron's piece (March 5) overlooks what is perhaps the main advantage of and ethical code for civil servants: that it can help them resolve ethical conflicts with their official and political superiors without being forced to resign or blighting their careers by asking for a transfer, provided it is properly designed and administered.

The design must define what constitutes decent behaviour so that commitment and trust can be rebuilt, and recognise the conflicts and dilemis that have to be resolved. The code must also be administered by an independent arbitrator.

There are three codes currently under discussion: the one that I prepared, which was published by the Royal Institute of Public Administration last September; a draft published by the executive of the First Division Association in December; and now the official document published by the Cabinet Office.

I attempted to satisfy the above tests with my code, but the Cabinet Office statement did not do so, as Sue Cameron correctly recognised. Nor did the FDA executive, but FDA members have the opportunity to rectify this when they debate the draft at the annual delegate conference in May.

A. Grey,
Hay-MSL Management Consultants.
52, Grosvenor Gardens, SW1.

Ethics and the civil servant

From Mr C. Carstairs

Sir,—May a retired civil servant comment on one point in Sue Cameron's interesting article (March 5), namely that civil servants who find themselves seriously at odds with some aspect of policy would be unwilling to take their problem to the head of their department "because they know that to do so would blight their careers."

This strikes a wrong note and does not in my experience follow at all. A seriously-held doubt would always be respected and the effort made to redeploy the officer to the best advantage all round. The location "unsound" in her article moreover reminds one rather of "Yes, Minister" than of the real world of Whitehall. What might not help an officer might be an impression that he/she is taking him/herself too seriously, or getting something out of proportion, which is quite a different matter.

All civil servants will sooner or later come across policies which strike them as mistaken, silly or incomprehensible, or which grate on their private political predilections. But if they find this generally intolerable they are in the wrong profession to begin with. The service does in my experience give confidence that the real *crisis de conscience* will be dealt with without prejudice to careers; and even if it did not, leakage is not an acceptable recourse. And it is worth recalling the saying that a policy is seldom better carried out than by competent and conscientious civil servants who may be less than wholly convinced of its rightness and thus more alive than an enthusiast to its weaker points. This, I think, and not an advocacy of idleness, is what Talleyrand meant by "Surtout, pas trop de zèle."

C. Y. Carstairs
9 Ridgegate Close
Reigate, Surrey

Some causes of unemployment

From Mr R. Longfield.

Sir,—Mr Scott (February 27) quotes views allegedly emanating "from some quarters" that present levels of unemployment are simply due to the past and present greed of trade unionists. He then sets out to refute this view by quoting the developing management practice of negotiating higher wages with unions, but tying them to productivity increases involving labour shedding. He, therefore, concludes that the real responsibility for unemployment lies with managers who adopt this practice.

Surely by selecting this particular example he undermines his own case, though no serious observer is likely to ascribe in full the problem of unemployment to the unions alone—most argue that inadequate managements are equally to blame. Mr Scott fails to understand the significance of the fact that whilst pay might be traded against jobs, it is not traded against output. It is in the area of unit productivity that past union restrictive practices have contributed so much damage, and it is here that they have over many decades made their major contribution to national economic decline. The pressure for unions to maintain artificially high workforces is not just an example of sheer inefficiency (some would say bad management in permitting it as well), but it also leads to higher unit costs, lower sales, lower output and, in the end, fewer jobs.

So long as there continues in any company or industry the scope for exchanging higher wages for fewer workers and yet at the same time maintaining output, then it is clear that serious problems exist. Surely Mr Scott must accept that the chief responsibility for maintaining over-large workforces rests with the unions, since it is they who have for so long pursued this policy, with the inevitable disastrous consequences.

All management are doing (and again most would argue it is long overdue), is seeking to redress the problem, thereby ensuring that in the long run all those who remain have secure jobs in a more profitable business.

Richard L. Longfield,
The Old Rectory,
Weston Patrick,
Basingstoke, Hants.

The actuary's role

From the Presidents, Institute of Actuaries and Faculty of Actuaries

Sir, — Eric Short's article (February 28) on the transfer of pension rights for those changing employers usefully drew attention to the implicit recognition in the Social Security Bill, now before Parliament, that the choice between a transfer and a preserved benefit should be financially neutral.

The actuarial role in the case of transfers still seems likely, however, to be a source of misunderstanding. Actuarial judgment is required in calculating both the transfer value from the old scheme and the equivalent benefits in the new scheme. While different views may be taken by the actuaries concerned, their assessments should be unbiased. Any shortfall in the "added years" in the new scheme as compared with actual years of service in the old scheme will be mainly due, not to differences in actuarial view, but to a difference in the old scheme as between a preserved pension and that which would have been paid had the leaver remained. This difference will, of course, be reflected in the actuarial bases used.

P. G. Moore and A. D. Shedden.
c/o Staple Inn Hall,
High Holborn, WC1.

FINANCIAL TIMES

Thursday March 7 1985

FURTHER ROUND OF INCREASES EXPECTED IN JUNE AFTER ENKA MOVE

Synthetic fibre prices rise 5%

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

ENKA, Europe's largest producer of synthetic fibres, has increased prices to all its European customers by an average of just over 5 per cent.

The move, which will almost certainly be followed by another increase before the end of June, might trigger a round of competitive rises by the other leading European producers, such as ICI Fibres, Hoechst, Bayer, Rhône-Poulenc and Montefibre.

Most of the big companies raised their prices at the end of last year. ICI Fibres, for instance, increased its charges for nylon destined for socks, sportswear, lingerie and nightwear by 7 per cent on January 1, its first increase for 12 months.

Mr John Lister, the UK company's chairman, said yesterday that the market was being watched very carefully, although he would not forecast when a further rise might be necessary.

Hoechst, the West German concern, confirmed that it had already been raising prices across the range, a process that would continue since "it was essential for charges to be raised to more realistic levels as a result of the strong dollar and oil prices."

Herr Heinz Kaup, textiles general manager of Enka, the West German fibres arm of the Dutch concern Akzo, blamed the strong dollar and the rise in oil feedstock prices for the move.

"Feedstock prices have risen by more than DM 200 ($59) a tonne," he said. "Some products have gone up by more than 20 per cent. Our rise does no more than get us back to a better price balance across Europe, which is necessary for products with such high export and import content."

He also said the British market had become "very insular" and sterling prices would have to go up at a faster rate to bring them into conformity with 'those in continental Europe. "A company with an overseas trade such as ours has to have a uniform price across all markets."

Enka is about to launch a big investment programme aimed at maintaining the company's position at the top of the European fibres "league."

It is spending DM 220m on a polyester filament yarns site at Aachen. Building work is expected to be completed towards the end of this year and the plant should be on stream early in 1987.

In addition, nearly DM 100m is being put into a polyester staple plant in the Netherlands to come on stream by 1987.

Herr Kaup emphasised that those two plants would replace rather than add to the company's capacity. A European agreement on fibre capacity prevents companies from increasing the amount in present trading circumstances.

Herr Kaup reported that 1984 had been "a very successful year" for the company and that strong trading conditions had continued into the first quarter of this year.

Industry talks on South Africa attacked

BY MICHAEL HOLMAN IN LONDON

A LEADING member of the United Democratic Front (UDF), the largest legal opposition group in South Africa, has criticised today's meeting in Britain of leading British, U.S. and South African companies to discuss their role in the reform of apartheid.

Father Smangaliso Mkhatshwa, a patron of the UDF who is visiting Britain, condemned the absence of black South Africans from the conference, due to be chaired by Mr Edward Heath, the former British Prime Minister.

"The companies are making decisions without the people who are affected," Father Mkhatshwa said at a London press conference yesterday. He was due to deliver Oxfam's Gilbert Murray Memorial Lecture in Oxford last night.

It became clear yesterday that General Motors of the U.S., whose chairman, Mr Roger Smith, will be one of the speakers, has played a leading role in organising the conference. The Rev Leon Sullivan, who helped to draw up a code of conduct for U.S. companies operating in the Republic and who will deliver the opening address to the conference, is on the GM board.

A company official said yesterday: "Greater efforts must be taken if much needed changes [in South Africa] will materialise." The conference *would discuss, he said,* "what additional steps can be taken to extend the effectiveness" of both the Sullivan code and the EEC's equivalent.

Companies invited to the private conference, due to be held at Leeds Castle in Kent, include Mobil, Caltex, Control Data and Merck of the U.S., and Shell, BP, Rio Tinto-Zinc, Barclays and GEC of Britain.

Leading South African participants include Mr Tony Bloom, of the Premier Group, and Mr Basil Hersov, of Anglo Vaal. Mr Mike Busholt, chief executive of Barlow Rand, South Africa's largest industrial company, was to present a paper on the role of business in reform, but is ill. It will be presented, instead, by one of two other Barlow Rand directors attending.

Paris body criticises Union Carbide safety

BY DAVID HOUSEGO IN PARIS

A LEAK of methylisocyanate (MIC) gas as dramatic as that which caused the deaths of 2,500 people at Bhopal in India could have occurred in France, according to an official report published yesterday.

Some 50,000 litres a year of MIC were *imported into France for use* by a Union Carbide subsidiary, La Littorale, which has a plant at Béziers on the Mediterranean coast. Imports were suspended by the Government after the Bhopal disaster. Hours before the report was published, Union Carbide announced that they would not be resumed.

The report, which was strongly critical of the U.S. chemical company, called for far stricter safety precautions. Those included a new building in which unloading of MIC could take place and the freezing of new construction within a 1 km radius of the plant. The company apparently felt they were too costly to implement.

The report, prepared by the safety division of the French Atomic Energy Commission (CEA), identified the main source of danger as being the transport of gas from Port Saint Louis on the Rhône where it was unloaded, to Béziers. The lorries carrying it passed near Arles, Bellegarde, Nîmes, Lunel and *Montpellier.*

The report said that either in the case of a container falling or of an accident on the road resulting in a fire, "a leak of gas as dramatic" as that at Bhopal could have occurred.

The CEA criticised Union Carbide for the "minimal collaboration" it provided and for refusing to disclose the atmospheric conditions at Bhopal at the time of the accident. It said that was precisely the type of information needed to make a credible comparison between Bhopal "and what could have happened at Béziers." The plant employs 417 people in a town of about 90,000.

Other strict safety precautions demanded by the CEA concerned the unloading of the containers on their arrival in France and their transport by road.

UK mines prepare for normal working

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

BRITAIN'S National Coal Board believes it can rapidly return the industry to normal working despite the determination of the pit union leaders to continue the dispute even though the strike is over.

Yesterday saw the effective end *of the strike in all coalfields except* in the tiny Kent area, in south-east England, where over 85 per cent of the 2,000 miners remain on strike. Delegates from the Scottish pits — which had joined Kent in defying the union's decision to return to work without a settlement earlier this week — voted 10:5 to end the strike.

The board said that the 51-week strike had resulted in the loss of between 2,500 and 3,000 jobs in Scotland; only 2,000 men have so far applied for voluntary redundancy.

In Yorkshire, only 2,000 miners remain on strike out of the total 50,000-strong workforce, after votes at most pits on Tuesday night. In many cases, Yorkshire miners yesterday crossed picket lines manned by Kent miners who have refused to return to work without an amnesty for all the 718 miners dismissed during the dispute.

The board said that only two Yorkshire pits remained totally strikebound.

The National Union of Mineworkers' *executive meets today and is* likely to uphold its overtime ban, called after the union's rejection of the board's 5.2 per cent pay offer and now in force for 15 months.

The message from the union leadership is likely to be one of continued defiance of the board's plans.

The board is now seeking to take rapid advantage of its position of strength to break down the overtime ban from below. It believes that pit-level deals can be struck between management and men to work overtime shifts and that will erode the ban until it becomes meaningless.

It assumes that the men's desire for normal working and their need for extra earnings to make up for those lost during the strike will goad them into working overtime.

General Accident profit plummets to £3.9m

BY ERIC SHORT IN LONDON

ANOTHER LEADING British insurance group, General Accident, yesterday reported its worst trading result for decades.

Poor trading conditions at home and in North America resulted in the group — Britain's largest motor insurer — barely scraping together a pre-tax profit of £3.9m ($4.1m) for 1984 compared with £65.6m in 1983, a year regarded at the time as a poor one for insurance.

On Monday, Royal Insurance reported pre-tax profits down from £98.4m to £11.2m and today Commercial Union is expected to disclose pre-tax losses of at least £70m.

However, unlike Royal, General Accident had a tax credit last year which slightly softened the decline, with net profits of £9.8m against £62.2m.

Despite those very poor results, shareholders seem to have nothing to worry about. General Accident is lifting its dividend from 19p to 20p, following the example of Royal, and its share price yesterday shed only 3p to 535p. Other composite insurance share prices showed small rises on the day, with Commercial Union increasing 2p to 179p.

General Accident's U.S. operations — like those of the other insurance groups — saw underwriting losses more than double from £56.3m to £136.1m over the year. Its commercial insurance business was in poor shape, while its large personal-line business performed slightly less badly.

A similar situation was seen in Canada, where underwriting losses tripled from £10.6m to £33.8m, the poor trading results compounded by the need to strengthen reserves for outstanding claims after adverse court decisions.

In Britain, General Accident suffered from a sharp rise of some 7 per cent in the number of motor claims in the final quarter. That halted the recovery seen in the previous nine months and sent the account back into deficit.

Wind storms in the UK during October cost General Accident £2.25m

Brussels plans common VAT for EEC states

Continued from Page 1

tive tribunal to bear competition complaints against the Commission would answer long-standing grievances in business and industry at the difficulty of disputing its competition rulings.

The body would have the power to review questions of both fact and law, the programme says, with appeals to the European Court simply on questions of law.

The Commission warns, however, that it intends to apply the existing competition rules strictly, with particular attention to restrictive practices such as cross-border price-fixing and quota agreements.

In the area of research and technology, the programme calls for the implementation of common standards for telecommunications and information technology in the course of the year, to ensure the compatibility of equipment, services and networks throughout the EEC.

It intends to insist on public tenders for telecommunications contracts in the Community being freely open to all EEC manufacturers. A further initiative would be to set up advanced systems for data transmission between national and Community administrations.

The aim is that, by 1995-2000, advanced telecommunications networks and services will be available to integrate data processing, telecommunications and the audiovisual technologies," the Commission says.

On the question of agriculture policy, the Commission is adamant on the continuing need for reform, but it says that "rigorous rationalisation" of the Common Agricultural Policy (CAP) is not enough.

It suggests a switch from reliance on price support to guarantee farm incomes to more direct income-supporting measures, at least as a possible area to explore for a more cost-effective farm policy. Talks with the leading farm organisations on the long-term future of the CAP will be launched by the end of June.

A new emphasis is also to be put on regional programmes.

Report on telephone tapping in Britain 'a whitewash'

By Margaret van Hattem in London

BRITISH GOVERNMENTS since 1970 have not broken the rules covering the interception of mail and telephone conversations, according to a report ordered by the Conservative Government.

The report, however, failed to satisfy politicians of all parties that the British security services were operating according to the rules.

Mrs Margaret Thatcher, the Prime Minister, yesterday published extracts of a report by Lord Bridge of Harwich, chairman of the security commission. He concluded that "no warrant for interception had been issued in contravention *of the criteria.*"

Opposition leaders, however, dismissed the report as a "whitewash" that had failed to deal with issues raised in a television documentary that was banned from transmission on Britain's Channel 4 by the Independent Broadcasting Authority.

The programme included allegations that individuals were wrongly classified as subversive so that interceptions could be authorised and that intelligence gathered by the British security services was used for party political purposes. It said that trade union leaders and principal figures in the Campaign for Nuclear Disarmament had been the subjects of such surveillance.

Mr David Steel, leader of the small Liberal Party, said the report was "totally inadequate." It had failed, he said, to deal with such questions as whether authorised warrants covered organisations, enabling telephone taps on unlimited numbers of people, and how complaints about unauthorised interceptions could be examined.

"Lord Bridge was asked the wrong question," Mr Steel said. "The key issue is that those administering the system should not also be examining it. The secret state is out of control and democracy is threatened."

Mr Gerald Kaufman, the Labour Party's home affairs spokesman, dismissed the report as "an outrage and an insult." Lord Bridge was not to blame, he added. The Government had set the terms of reference to ensure that his report would produce the answer it wanted.

The IBA, which regulates commercial television and radio in Britain, had stated previously that it feared the programme violated the Official Secrets Act. The 1911 legislation has been under close scrutiny in the wake of a jury's acquittal of a senior civil servant on charges arising from his leaking to a Labour MP documents relating to the sinking of an Argentine cruiser during the Falklands war.

John Hunt in London writes: MPs were trapped in a time warp yesterday when the House of Commons was cut off from the outside world in a strange, shadowy dimension of its own. In the rest of Britain, the date was Wednesday, March 6. But by one of those strange procedural quirks, the date was officially frozen an Tuesday, March 5 inside the House.

A small but obstinate band of MPs, mostly Conservative, had mounted a marathon filibuster throughout Tuesday night against legislation enabling local authorities to add fluoride to water. They succeeded in wiping out the business planned for yesterday.

As a result, consideration of legislation dealing with the controversial topic of telephone tapping had to be postponed.

The chief opponent of the measure, Conservative MP Mr Ivan Lawrence, started speaking at 5.12am and kept it up until past breakfast time in a performance lasting four hours 23 minutes. That was believed to be a House of Commons record.

By late afternoon, the legislation eventually reached third reading.

THE LEX COLUMN

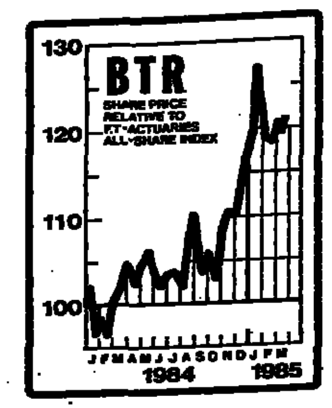
Midland spurns a middle way

Whatever Midland Bank may have intended to achieve by showing pre-tax profits about £50m higher than anybody expected, the effect on the share price was disappointing indeed. By lunchtime yesterday, much of Midland's reported £135m had melted away in the market's hand, leaving the shares 15p lower at 345p and causing a lot of people in London to wish that Midland had brought out a more modest and more solid-looking total.

It could scarcely have been otherwise, given the various contributions of Crocker to the published result. The market was braced for Midland to take its share of Crocker's pre-tax losses, but a touch surprised to see as much as £134m taken above Midland's line for profit on the sale of Crocker's head office; a difference between U.S. and UK accounting *principles has even allowed* Midland to take more immediate credit than Crocker for the disposal.

The conclusion that group profits on banking amounted to just £1m in 1984 may be harsh, but it is not entirely flippant. Any declaration of profit is the other side of decisions on the size of group provisions for bad and doubtful assets, and here Midland — ex-Crocker — has apparently been fortunate in its choice of credit risks. Specific provisions are actually £38m lower than in 1983, while outside Crocker the bank has not felt it necessary to make any general provision at all in 1984. The contrast with National Westminster's current view of the world is striking.

Feelings that the Bank of England would frown on a dividend that was not covered even by stated earnings may have influenced the decision to put some redundancy costs in an extraordinary item, rather than set them off against property surpluses above the line. That the shares yield 11 per cent after this manoeuvre is perhaps sufficient comment.



BTR

It Dunlop shareholders should ever want to examine BTR's qualifications for an industrial management job, they need look no further than yesterday's preliminary statement. The company has produced yet another astonishing set of figures, with profits before tax increasing 62 per cent to £284m. BTR is, admittedly, open to the accusation of over-icing what was already a very rich cake — a switch to year-end exchange rates has added £19m to the 1984 pre-tax figure. But the underlying level of growth was quite good enough to lift the shares 21p to 664p.

Consolidation of the Thomas Tilling businesses, which were in for only six months of 1983, has inevitably depressed the full-year trading margin. But BTR seems to be achieving its target of adding a point a year to the Tilling margin with plenty to spare. The group's overall trading margin was 2.2 points higher — at 10.1 per cent — during the second half of last year than during the same period of 1983.

The improvement is, as ever, spread fairly evenly across the divisions and regions. The Western hemisphere was boosted in sterling terms by exchange rate movements and saw the benefit of a £16m turnround from the U.S. energy interests. But there was precious little to cavil at anywhere.

This year should see some softness in South Africa, the UK builders' merchants, and energy. But, with the manufacturing interests fairly humming along, BTR could easily make £370m pre-tax without Dunlop. After a 30 per cent tax charge, that would leave the shares on a multiple of about 14.

General Accident

A while ago, the London equity market decided to let bygones be bygones and ignore the dreadful 1984 suffered by the UK composite insurers. This week, the market went further and started ignoring gloomy forecasts for this year. In General Accident's case, no doubt a certain allowance should be made for habitual Perthshire caution; but if GA does not believe in a recovery in its UK business from last year's dismal level, perhaps the share price should take cognizance. As it happens, GA shed only 3p on balance to close at 535p.

GA gave encouragement by increasing its dividend for 1984 by 5 per cent. Thanks to clever tax management, with an £8m tax credit, this is covered almost a third by earnings. The 20p dividend is probably justified by a solvency margin of 82 per cent and by a 150p increase in net asset value (without the life business). GA will obviously *be very unhappy indeed if it cannot* produce 20p of earnings this year to justify its progressive policy.

Yet this does not look over-ambitious. In the UK motor account that turned in such a poor fourth quarter, improvement depends on claims frequency decreasing, market share staying put and rates increasing: a tall order for anybody. U.S. operating ratios will improve, but not for a bit; only in Canada is there room for hope, since half or more of the 1984 underwriting loss was the result of cautious reserve strengthening. Everything is being pinned on a recovery in 1986, which *is not, as they say, tomorrow.*

Two-tier tenders

London's corporate mechanics are always trying to come up with a way of selling new shares which will maximise the proceeds, give everybody as much equity as they want and allow a healthy after-market.

N. M. Rothschild's innovative deal for Blagden tries to achieve this through a combination of a fixed-price and a tender offer. Existing shareholders will be guaranteed some shares at 112p. Another 4.5m shares will be available at 112p, but applicants may receive scaled-down allotments or none at all. If they tender at or above the striking price — which will be the price at which 5.93m shares are once covered — they are guaranteed all the shares they *asked for.*

The problem with this — like previous perpetual motion devices — is that if all who bid at or above the striking price are guaranteed satisfaction, hardly anyone will want to buy in the after-market and the price will fall. So unless investors are determined to end up with a core holding of Blagden, they might be reluctant to bid more than the minimum price — in which case the tender option is redundant.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	11	52	Dubrovnik	—	—	—	Malaga	S	17	63	Salzburg	C	3	37
Akrotiri	S	18	61	Faro	S	15	59	Malta	F	15	59	Seoul	F	1	34
Algiers	R	9	48	Florence	F	12	54	Manila	S	35	95	Singapore	R	39	102
Amsterdam	Fg	2	36	Frankfort	C	6	43	Miami	C	25	77	Stockholm	C	1	34
Athens	S	16	61	Funchal	C	16	61	Milan	R	8	46	Strasbourg	C	8	46
Bahrain	F	17	63	Geneva	S	5	41	Moscow	S	-9	16	Sydney	C	23	73
Bangkok	S	34	93	Gibraltar	S	16	61	Munich	C	4	39	Taipei	F	21	70
Barcelona	S	13	55	Guernsey	S	8	46	Nairobi	—	—	—	Tangier	S	16	61
Beirut	S	16	61	Helsinki	Sn	-4	25	Naples	F	17	63	Tehran	—	—	—
Belgrade	S	15	59	H. Kong	C	17	63	New Delhi	S	32	90	Tel Aviv	—	—	—
Berlin	C	3	37	Innsbruck	F	9	48	New York	F	16	61	Tenerife	F	18	64
Biarritz	F	10	50	Inverness	F	12	54	Nice	R	11	52	Tokyo	C	7	45
Blackpool	C	9	48	Istanbul	S	9	48	Oporto	S	13	55	Toronto	C	2	36
Bordeaux	F	11	52	Jersey	Fg	6	43	Oslo	C	1	34	Tunis	C	15	59
Brussels	Fg	3	37	Jo'burg	F	26	79	Paris	C	4	39	Valencia	—	—	—
Budapest	F	8	46	Las Palmas	C	18	64	Prague	C	2	36	Venice	C	11	52
B. Aires	F	30	86	Lima	F	26	79	Reykjavik	Sl	2	36	Vienna	C	4	39
Cairo	C	21	70	Lisbon	S	13	55	Rio de J'o	C	31	88	Warsaw	F	1	34
Cape Town	S	25	77	Locarno	R	4	39	Rome	F	15	59	Zurich	C	6	43
Caracas	C	27	81	London	S	11	52								
Casablanca	S	15	59	Los Angeles	R	13	55								
Copenhagen	R	2	36	Luxembourg	C	4	39								
Corfu	S	18	64	Madrid	S	8	46								
Dublin	C	9	48	Majorca	F	13	55								

Readings at mid-day yesterday:

C—Cloudy D—Drizzle F—Fair Fg—Fog R—Rain S—Sun Sl—Sleet Sn—Snow T—Thunder

Trinidad to shake out sugar industry

Continued from Page 1

Last year, the EEC reduced Trinidad and Tobago's export quota by 25,000 tonnes because of its repeated failure to meet commitments.

The Government's first objective in restructuring the industry is to bring it out of the red by increasing yields and boosting the efficiency of its mills. Several hundred acres previously used for sugar cane are now to be devoted to domestic food production.

Trinidad and Tobago is the hardest hit of all Caribbean sugar producers. But the industries in Jamaica and Guyana are also in deep trouble.

Indesit seeks partner

Continued from Page 1

tion and concentration of the European markets." He said Indesit, which in 1985 hopes to produce 1.2m units, has manufacturing capacity closer to 3m units a year.

Sig Nobili said a partnership, whether with a U.S. or Italian company, could take advantage of Indesit's name and market presence in Europe. In the UK, for example, Indesit has 10 per cent of the washing-machine market, 25 per cent of dishwashers and 5 per cent of refrigerator sales. In all of Europe, the Indesit market share is estimated at between 4 and 5 per cent.

"We need to consider which partners have the willingness and the strength to play a role in the future," Sig Nobili said. He added that of the three Italian white goods companies (excluding Zanussi), only Indesit had concentrated on foreign sales as a major part of its strategy. About 70 per cent of Indesit turnover came from abroad. The UK market accounted for around £47m of annual sales, including some $10.5m of white goods not produced by Indesit.

An agreement between Indesit and another company is not likely to be concluded for at least three or four months, however.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday March 7 1985

State takes control of failed mortgage insurer

BY WILLIAM HALL IN NEW YORK

THE CALIFORNIA Department of Insurance has taken control of Glacier General Assurance, a small Montana-based insurance company that wrote large amounts of mortgage insurance for the mortgage-backed securities at the centre of the Bank of America mortgage pool fraud.

Last week Bank of America, which has taken a $95m charge against its losses in the case, sued National Mortgage Equity and West-Pac, two West Coast companies, which had packaged the pools of mortgage loans used as collateral for mortgage-backed certificates sold to institutional investors.

The bank acted as escrow agent and trustee for the mortgage loan pools, and Glacier General and Pacific American Insurance, a small Delaware insurance company, provided financial guarantees which encouraged many small savings and loans to invest in the securities.

After the mortgage loan pools were found to be faulty, the insurance companies failed to honour the financial guarantee bonds, and Bank of America felt duty-bound to buy back the faulty securities from the smaller institutions.

The Delaware insurance commissioner is liquidating Pacific American and has estimated that its losses could total $200m. The California Department of Insurance has declared Glacier General insolvent and taken control of its operations. Although the company is based in Montana, much of its business appears to have been carried out in California.

Glacier General had issued financial guaranty bonds covering $89m of the $133m of defaulted mortgages for which Bank of America acted as trustee. There have been estimates that Glacier may have written $280m of financial guarantees. If this is correct, there are still about $150m of guarantees which have to be tested.

A preliminary audit of Glacier indicates that its liabilities exceeded its assets by $38.2m. At the end of 1984 the company had total liabilities of $121.1m.

Bank of America, which has said that it intends to pursue vigorously all parties "who were responsible for the perpetration of this massive fraud," has not sued Glacier General or Pacific American.

Bell Resources profit boosted by sale of Weeks subsidiaries

BY TERRY POVEY IN LONDON

BELL RESOURCES, the energy and mining affiliate of Mr Robert Holmes à Court's Bell Group, achieved a net profit of A$36.3m (U.S. $25.25m) and sales of A$159.59m for the 18 months to December. The company, which has changed its accounting date from June 30 to the calendar year, says that it is now only 45 per cent owned by Bell Group.

Up to June 1983, the last date on which full 12-month accounts were presented, Bell Resources traded as Wigmores, a modest but listed company selling Caterpillar equipment in Western Australia. In its last year, Wigmores recorded sales of A$60.24m and net profits of A$2.89m.

Since its takeover by Mr Holmes à Court, Bell Resources has been transformed into a holding company for much of the Perth-based entrepreneur's growing energy and mining holdings. It has also been used as a vehicle for a number of aggressive bids for Broken Hill Proprietary (BHP), Australia's largest company.

As a result of two bids for BHP, which garnered some 5 per cent of the mining major, and the takeover in March last year of Weeks Petroleum, Bell Group has seen its stake in Bell Resources diluted to the present 45 per cent from 96 per cent in August 1983. At the same time the total number of issued shares in Resources has risen almost eightfold to more than 48m.

In January of this year Bell Resources sold two of its Weeks subsidiaries, the most important of which was Weeks Australia, for A$190m to mining company Peko-Wallsend. It is this sale that has contributed so handsomely to the latest set of results from Resources – in which, in addition to the net profit of A$36.36m, an extraordinary gain of A$78.1m is reported.

Bell Resources' net profit was declared after taxes of A$1.59m, interest payments of A$16.1m, depreciation of A$6.8m and minorities of A$14.1m. A final dividend of 10 cents has been declared, making 35 cents for the 18 months, on earnings per share of 70 cents.

● Asarco said yesterday that it may ask shareholders to consider charter amendments that would protect it in case the company receives any acquisition proposals, reports Reuter from New York.

This follows notification last week that Weeks Petroleum, controlled by Bell Resources, has bought 10 per cent of Asarco's outstanding common shares.

Avesta president quits in shake-up

By David Brown in Stockholm

MR JAN CARLÉN, president of the troubled Avesta stainless steel group of Sweden, yesterday resigned abruptly in the latest step of a far-reaching senior management shake-up.

Mr Carlén's replacement has been rumoured since last November, when Mr Gunnar Engman, was brought in as working chairman. Mr Engman has taken over as managing director.

Despite Mr Carlén's technical background – he managed Sandvik's steel division before becoming vice-president of the Bofors armaments group – Avesta's owners have made no secret of their wish for "stronger leadership" at the group.

The board has called for an improvement in the group's profitability of about SKr 300m ($31M) annually, with SKr 200m to come from job cuts, and a further SKr 100m from streamlining sales and mortgaging activities

Last month, the group announced a further 500 job cuts and said it was examining the closure of a hot-rolled strip mill with 400 employees, which it jointly owns with the Sandvik stainless steel group.

Avista was formed early last year as the result of a far-reaching restructuring of the Swedish stainless steel industry. It is 87 per cent-owned by Johnson Group. It had sales of SKr 5.5bn last year.

● Investor, one of the key investment groups of the Wallenberg industrial empire, has raised its stake in Electrolux, Europe's largest manufacturer of white goods, to 34 per cent of the votes. It acquired an 18 per cent holding formally owned by Custos, the investment company closely linked with the Volvo motor group and the Skanska construction and investment concern.

SPANISH GROUP'S DEBT COULD BE KEY FACTOR IN TAKEOVER TERMS

VW and Seat near merger deal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

VOLKSWAGEN and Seat have reached the final stages in negotiations for the takeover of the Spanish car group, Dr Carl Hahn, VW chairman, said yesterday, although financial terms have still to be worked out.

Existing co-operation between the two companies had opened up the Spanish car market to VW – which achieved a 5 per cent share last year against only 0.5 per cent in 1982 – while VW had helped Seat rapidly establish its own export network throughout Europe, Dr Hahn said.

"Our objective is to have a step-by-step integration with Seat," he said. "We know the objectives, we have the goodwill but we don't know the facts yet."

Other VW and Seat executives have pointed out during the run-up to the Geneva Motor Show that Seat has a huge burden of debt which might become a stumbling block in the discussions.

The Spanish group's interest payments last year were equivalent to 18 per cent of its Pta 200bn ($1.06bn) revenue (up from Pta 150bn in 1983) arising from Pta 150bn of long-term debt, much of which was raised in the Eurodollar market.

Both companies want to clear up the uncertainties as quickly as possible and to establish formally that Seat will continue to operate as a separate independent organisation with its own engineering capability and dealer network but sharing the VW-Audi "umbrella" and benefiting from the economies of scale which would come from sharing some common components.

Seat produced 296,000 cars last year, its highest output for 10 years and up from 240,000 in 1983.

Sr Juan José Diaz Ruiz, Seat's commercial director, said output in 1985 should be about 370,000 cars, of which about 160,000 would be for the Seat network in Spain, 120,000 for Seat export markets, 50,000 would be built for VW (mainly Polos but also Santanas and Passats) and 40,000 Fiat Pandas.

Seat's export sales were worth Pta 70bn last year, and Sr Diaz Ruiz said the company was slightly ahead of schedule with its three-stage programme to develop export markets on its own account, following the break-up three years ago of its 30-year partnership with Fiat of Italy.

Seat cars achieved a 1.5 per cent share of the West European car market in 1984, one year ahead of the target, through its new dealer network in Austria, Belgium, the Netherlands, Italy, France, Greece and West Germany. It has also set up in Israel.

This month Seat launched its cars in Switzerland, to be followed later this year by Scandinavia and Britain.

It has also started on the second phase of its export expansion by launching in the Asia-Pacific area, starting with Taiwan where it hopes to sell 8,000 cars this year. This will be followed up by entering Thailand, Indonesia, Singapore, Hong Kong, Australia and New Zealand.

Sr Diaz Ruiz said the only part of the world which Seat would not tackle in the medium term was Africa. The company would move into Canada next year and the U.S. in 1987-88.

He insisted the strategic plans would not be altered if VW acquired control of Seat. "Whatever comes out of the talks between INI (the state-owned Spanish holding company) and VW, the partnership can only strengthen us. The Seat management is happy and confident about the future," he said.

Gulf & Western hit by acquisition costs

BY OUR NEW YORK STAFF

GULF & Western Industries, the big U.S. conglomerate which recently bought the Prentice-Hall publishing group for $718m, has reported a 9 per cent drop in its second-quarter net income from continuing operations to $48.1m.

The company said interest charges nearly doubled in the second quarter to $31.3m as a result of increased borrowings to finance the acquisition.

In the latest quarter a loss of $2.1m from discontinued operations reduced the net income to $46m, or 65 cents a share, compared with $68.4m, or 95 cents, in the same period last year, when the group had the benefit of $15.6m from discontinued operations.

For the six months ended January 31, net from continuing operations fell from $129.4m to $104.1m. Losses from discontinued operations reduced final net in the latest period to $103.2m, or $1.46 a share, while last year's final net, which includes $32.7m from the sale of securities, comes out at $149.6m, or $1.99, after $20.2m in income from discontinued operations is included.

Sales in the second quarter rose from $1bn to $1.1bn, and sales for the six-month period were $100m up at $2.1bn.

The group said operating income from its ongoing businesses in the second quarter had risen 30 per cent to $111.5m. It cited strong performances by its entertainment, communications and financial services groups.

South African insurer shows strong growth

BY JIM JONES IN JOHANNESBURG

LIBERTY LIFE, South Africa's third largest life assurance company and the country's largest shareholder-owned insurer, grew strongly in 1984.

Net premium income rose by 12.7 per cent to R510.3m from R452.9m, while investment income increased by 32 per cent to R275.7m from R208.8m. Total assets advanced to R4.22bn from R3.40bn.

Mr Donald Gordon, chairman, is cautious on immediate prospects for the South African economy but believes that Liberty is well structured to overcome any difficulties.

Liberty's total capital and reserves of R1bn were the largest of any life assurer outside the U.S., he said.

Liberty Life and Guardian National, the South African arm of Guardian Royal Exchange, yesterday announced an agreement to establish a new life assurance business.

Liberty and Guardian will subscribe R14m capital for the new life company which will then use R10.5m to acquire Guardian National's life assurance business. The new life company will be 51 per cent owned by Liberty Life and 49 per cent by Guardian National.

It is estimated to have initial total assets of R65m, and its initial annual premium and investment income will be about R19m.

Liberty is also negotiating with United Building Society (UBS), South Africa's largest building society, on new projects to take advantage of changes occurring in the financial services sector.

INTL. COMPANIES & FINANCE

News Corporation interim earnings rise by 11.7%

BY MICHAEL THOMPSON-NOEL IN SYDNEY

NEWS CORPORATION, Mr Rupert Murdoch's international media group, has announced an 11.7 per cent increase in net profits to a record A$58.4m (U.S.$40.3m) for the six months to December.

A strong rise in earnings in Australia was partly offset by lower profits in the UK, where results were affected by industrial disputes and the fall of sterling.

There were net extraordinary profits of A$19.3m in the half year, thanks mainly to a surplus of A$28.2m on the sale of shares in St Regis of the U.S. Unrealised foreign exchange losses by the partly owned Ansett Transport Industries dented these gains. In 1983-84 News suffered net extraordinary charges of A$60.4m caused mainly by losses arising from speculating on the U.S. dollar.

The company also announced a scrip issue of one ordinary share for each ordinary share already held. The new shares won't participate in the interim dividend but will rank equally with the other shares afterwards.

The interim dividend is 8 cents a share against 5.5 cents previously. The total pay for all 1983-84 was 13 cents.

The highlight of the first half was the purchase for U.S.$350m of 12 technical and travel publications from Ziff-Davis Publishing of the U.S.

This further strengthened the group's U.S. businesses, which in 1983-84 accounted for 27.4 per cent of group turnover.

Pre-tax earnings for the six months were A$89.1m against A$74.9m on turnover of A$1.1bn, compared with A$872m. Tax took A$30.9m, against A$22.1m, interest charges A$38.2m, against A$30.5m, and depreciation A$19.5m, against A$13.3m.

● News International, the London-based subsidiary of News Corporation, reported a decline in profits after tax and minorities to £12.27m ($12.9m) for the half year to December from £13.37m. Profits per share were 15.43p against 16.83p. Sales were £231.2m against £223m.

The company, whose British newspaper titles include the Sun, News of the World, Sunday Times and Times, said that higher finance charges and industrial problems were to blame for the drop in profits. An improved trading profit is expected in the second half.

The group's extraordinary profit on its St Regis share deal in the U.S. is being taken onto the profit and loss account of News International. Last year's extraordinary items included a £32m loss.

Wheelock Maritime requests suspension

By David Dodwell in Hong Kong

WHEELOCK MARITIME International, the Hong Kong-based shiping group, yesterday announced that it was in "a critical financial position" following the refusal of Wheelock Marden, the trading group, to meet a request for "limited financial assistance." It called for dealings in its shares to be suspended.

Wheelock Marden, which owns 50 per cent of Maritime, is currently the subject of a bid contest between Tan Sri Khoo Teck Puat, a Singaporian financier, and Sir Yue-Kong Pao, who has substantial shipping and property interests in Hong Kong.

The news that Maritime's problems have reached a crisis point is unlikely to jeopardise the bid that currently sits on the table — HK$2.4bn (US$308m) cash offer from Sir Y. K. Pao's Hongkong and Kowloon Wharf and Godown Company—partly because Marden last year made full provision for its investment in the shipping group. Rationalisation of shipping operations was in any case thought to be an inevitable outcome of a successful takeover of Marden.

The crisis, which has been signalled by deepening losses over the past three years, was expected by most local analysts to be a first step towards Maritime being placed in receivership. It is yet further evidence of the severe problems facing the world's shipping industry, and follows the recent collapse of Saleninvest in Sweden, and Irish Shipping.

Maritime directors said in a statement yesterday that they were "urgently" discussing with Schroders Asia, their financial advisers, the "appropriate course of action." Neither the company nor its advisers would reveal last night how large its debts were, or how much money it had requested as financial support from Marden.

Maritime disclosed that at the end of 1983, after failing to arrange a U.S.$12m line of credit, it had net liabilities of HK$186m. Total net losses for 1983 were HK$228m.

This probably understates total group debt, however, since Maritime announced in October last year that ship sales had "reduced overall debt by U.S.$70m, and decreased commitments by U.S.$60m."

The Maritime board said yesterday that ahead of the takeover bid for Marden, it had been preparing proposals for a group reorganisation. Once the bid had been received, Marden said it was not willing to consider "any substantial injection of funds." As a result Maritime formulated interim proposals calling for "limited financial assistance."

The crisis was triggered yesterday when the Marden board decided that even limited assistance was out of the question.

● Sun Hung Kai and Company has sold its 20 per cent stake in HK-TVB to institutional investors for about HK$480m (US$61.5m), Reuter reports from Hong Kong.

It will use the funds to reduce short-term borrowings and to finance expansion. Sun Hung Kai Securities Ltd and Merrill Lynch were brokers in the transaction.

Woodside Petroleum well ahead

BY OUR SYDNEY CORRESPONDENT

WOODSIDE PETROLEUM, the key partner and operator in Australia's A$11.2bn North West Shelf natural gas project, scored a 30 per cent increase in net profit for 1984 to A$4.3m (U.S.$3m).

Although Woodside is at last enjoying some revenue from the massive North West Shelf project, which came on stream last August, its main money-spinner is still Vamgas, a junior partner in the Cooper Basin liquids gas project, in which it has a 50.6 per cent stake.

Woodside had drawn down U.S.$1.2bn in various borrowings by the end of last year, of which U.S.$1.13bn had been spent on its share of financing the North West Shelf proect.

Woodside said its net spending on property, plant and equipment, and development fell to A$307.62m in 1984 from A$414.64m in 1983, of which A$280.20m against A$363.88m was spent on the North West Shelf project. Group exploration spending fell to A$27.33m from A$46.69m.

● Castlemaine Tooheys, the Australian brewer, achieved a 21.3 per cent rise in net profits to A$41.7m (US$28.8m) in the six months to January 31. Pre-tax profits in the first half were 24 per cent higher at A$80.8m.

The company said the rise reflects strong performances in its brewing and soft drinks operations.

Rothmans Australia in bid for Allens

By Our Sydney Correspondent

ROTHMANS HOLDINGS, the 50 per cent-owned Australian subsidiary of Rothmans International of the UK, has made a takeover bid of A$60m (U.S.$ 41.4m) for Allens Confectionery. The offer is A$4 cash per share, against yesterday's closing price for Allens of A$4.10 per share.

Nestle, the Swiss foods group, is already bidding for Lifesavers Australasia, another Australian confectionery concern.

Allens has advised shareholders not to sell, pending an appraisal of the offer by Macquarie Bank, formerly Hill Samuel Australia. The offer is conditional on acceptances of at least 49.9 per cent of the shares.

Toshiba takes strategic stake in Sord Computer

TOSHIBA CORPORATION, Japan's second largest diversified electronic goods manufacturer, said yesterday that it had agreed a comprehensive tie-up with Sord Computer in technology, marketing and manufacturing, and had acquired a 37.6 per cent stake in the personal computer company, AP-DJ reports from Tokyo.

Toshiba has obtained 3m of the troubled Sord's shares and may well take up to 50 per cent at a later date.

The tie-up will allow Sord to make use of Toshiba's large marketing and distribution network, while Toshiba will be able to strengthen its small-sized computer business and benefit somewhat from Sord's marketing channels. Toshiba also will supply office automation equipment, peripheral equipment, and semiconductors to Sord.

Toshiba furthermore will help modernise and expand Sord's plant in Kemigawa, Chiba City.

Other points of the agreement include negotiations soon on joint-product development, marketing and manufacturing technology with long-range co-operation in mind, and the establishment of Toshiba's personnel in Sord's positions of executive vice-president and director in charge of accounting.

● Mr Takayoshi Shiina, Sord's founder and president, will remain its chief executive, though there seems some doubt as to how long. Toshiba said he was staying on "to assure continuity" and to help "retain the active mobility that characterised it (Sord) from the start," adds Jurek Martin from Tokyo.

Kanhym net loss reaches R41m

BY JIM JONES IN JOHANNESBURG

KANHYM, the South African agricultural products and coal company, was seriously affected by poor weather, high interest charges, and foreign exchange losses in 1984. Turnover rose slightly to R1.15bn ($561m) from R1.12bn but operating profits dropped to R3.2m from R15.8m.

Mr Ted Pavitt, the chairman, said trading conditions were extremely difficult. Feed-lot operating costs rose sharply after a hail storm destroyed almost all of Kanhym's uninsured maize crop and inferior maize had to be imported at unfavourable prices.

Interest charges rose to R27.7m from R16m because of increased borrowings and higher rates. An unrealised foreign exchange loss of R12.3m has been taken into account in the 1974 results and an additional foreign exchange loss of R12.2m has been deferred. Mr Pavitt said no further foreign exchange losses will be incurred as all foreign commitments have now been covered forward.

Coal exports by the Gretare *Middelburg* mine, in which Kanhym has a 6 per cent interest, were restrained by an early decision to take forward cover on expected dollar sales receipts.

The sharp rise in interest costs led to a 10-fold increase in Kanhym's net loss to R41.4m and the loss per share was 339 cents against 3.3 cents.

A new managing director has been appointed, the workforce has been reduced, and operations are being reorganised. The 1984 losses, Mr Pavitt said, wiped out the proceeds of last year's R49m rights issue.

INTL. COMPANIES & FINANCE

SBC lifts dividend, plans rights issue

By John Wicks in Zürich

SWISS BANK Corporation, one of the big three Swiss commercial banks, is increasing its dividend for 1984 following a 17 per cent improvement in net profits to SwFr 503m ($172m).

The bank also plans a rights issue to raise SwFr 443m. It says prospects for 1985 are positive and it sees the funding exercise as the basis for further profits growth.

SBC describes 1984 as very gratifying. Like its rivals, it plans to step up the annual dividend, lifting the payment from SwFr 11 to SwFr 12 a share.

THE BIG THREE

	1984 Net profit SwFr	% change
Union Bank of Switzerland	583m	+15
Swiss Bank Corporation	503m	+17
Credit Suisse	417m	+19

The improvement in profit resulted primarily from further growth of non-interest business. Net commission income was up 15 per cent to SwFr 855.6m and income from securities by 18 per cent to SwFr 495.1m. Earnings from foreign exchange and precious metals trading declined.

Deposits and advances again showed above-average growth rates—21.5 and 13.9 per cent respectively. In interbank business, the due-to-banks total was little changed while the due-from-banks sum grew by 13.6 per cent.

The rights issue is one-for-12 at SwFr 200 a share. The balance sheet total was SwFr 119bn, up 13 per cent on the end-1985 figure.

SBC's profits performance falls neatl between those of its two maor rivals, Union Bank of Switzerland and Credit Suisse. UBS has also announced plans for a rights issue.

Amro buys out partners in Australian unit

AMSTERDAM - ROTTERDAM Bank, the big Dutch bank, has acquired the outstanding 50 per cent of its Australian affiliate, Amro Australia, writes our Financial Staff.

The move follows the recent liberalisation of Australia's banking laws. Amro declined to disclose the value of the purchase. Vendors are Lend Lease Corporation and MLC, an insurance company.

Amro Australia was formed in 1981 as a joint venture with the two Australian companies, but was under the Dutch bank's management.

Bertelsmann set to spend DM 1bn on U.S. activities

BY JONATHAN CARR IN GUETERSLOH

BERTELSMANN of West Germany, one of the world's biggest media concerns, is prepared to spend around DM 1bn ($291.5m) over the next three years to boost its activities in the U.S.

Dr Mark Woessner, chief executive, said yesterday that this sum would be roughly one third of Bertelsmann's planned investment spending worldwide over that period.

Key aims in the U.S. would be to take over one or more magazines (Dr Woessner mentioned no names) and to expand the group's printing activities there.

Through its majority holding Gruner und Jahr, Bertelsmann already owns the U.S. magazines Parents and Young Miss. It failed last year in a $150m bid to acquire U.S. News and World Report.

Bertelsmann also owns Bantam Books, the New York-based paperback publisher, and controls printing companies including Offset Paperback Manufacturers of Pennsylvania, which turns out some 250m books a year.

On the music side, Bertelsmann is in the process of merging its record, music publishing and video music business with RCA Records. Details still have to be ironed out, but Dr Waessner said he hoped the merger deal could be formally completed this year.

Announcement of the buoyant investment plans emphasises that Bertelsmann is forging ahead again after a few years of consolidation, during which costs have been cut and profitability sharply improved.

Dr Woesnner said he expected net profit for the current business year to total about DM 360m ($105m) after DM 289m ond sales of DM 6.7bn in 1983-84 (to June 30).

Achievement of the DM 360m result would mean Bertelsmann has increased net profit six-fold since 1980-81, while raising its ratio of own funds to borrowed capital from 20 to 30 per cent. Foreign business has grown faster than that at home, and now accounts for 54 per cent of sales.

Besides expanding in the U.S., Dr Woessner said Bertelsmann planned to push strongly into the "new media"—including satellite and cable television, data banks and electronic publishing.

To this end a new company division was being created this year, to be headed by Herr Manfred Lahnstein, the former federal Finance Minister who joined the Bertelsmann executive board in 1983. Plans include development of a satellite TV service with RTL of Luxembourg, in which Bertelsmann has a 40 per cent stake.

Svenska Cellulosa earnings soar

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SVENSKA CELLULOSA (SCA), the Swedish forest products group, last year achieved its best result for 10 years with an increase in profits of 51 per cent to SKr 1.52bn ($157.3m) from SKr 1bn in 1983.

Group turnover jumped by 17 per cent to SKr 11.57bn from SKr 9.87bn a year earlier.

SCA said that operating profits had been improved in all sectors of the group. The bulk of profits came from its forestry and forest industry operations with an increase of 41 per cent to SKr 1.06bn

The market for most of SCA's products—it has a leading position in newsprint, kraftliner and sawn goods—was strong for most of last year, but there was a slackening of demand for sawn timber, pulp and kraftliner towards the end of 1984.

Mr Bo Rydin, chief executive, warned that profits this year are unlikely to reach last year's level but profitability should remain "satisfactory."

Mr Kjell Brändström, deputy chief executive, said the continuing strength of the U.S. dollar had given SCA "an enormous competitive advantage" compared with North American pulp and paper producers.

The average prices for all forest products improved in Swedish krone last year, and plants were working close to capacity in all sectors.

Group capital investment is expected to peak this year at around SKr 1.6bn compared with SKr 1.1bn in 1983. SCA is in the middle of an ambitious investment programme aimed at increasing both its pulp and newsprint capacity.

The group has received dispensation from the Government to increase its dividend payment by 17 per cent to SKr 3.50 a share, but Mr Rydin said the dividend would have been significantly higher at around SKr 4 a share without the current dividend freeze.

Record profit for French airline despite traffic fall

BY DAVID HOUSEGO IN PARIS

UTA, the French private air group which specialises in Africa and the Far East, made record profits last year in spite of a fall in traffic.

The group announced yesterday a 34 per cent increase in profits after tax increased by 34 per cent to FFr 219m ($21m) on the basis of a 4.7 per cent increase in turnover to FFr 6.062bn. But the figures understate the increase in operating profits because of exceptional capital gains made in 1983.

The profits rise comes in the wake of major reorganisation within the company aimed at cutting costs, making more intensive use of carrying capacity and improving service. Aircraft occupancy increased last year to 66.4 per cent as against 64 per cent in 1983. The labour force has been slimmed by 552 over three years to 6,560 at the end of last year.

The company has also been modernising its fleet and announced yesterday that it would take delivery next March of a new Boeing 747-300 combined passenger and freight aircraft representing an investment of FFr 1bn.

UTA is a subsidiary of the Chargeurs holding group which also has maritime and industrial interests. With its African and Far Eastern network, it is operating in areas of either low income or strong competition.

Akzo to invest $44m in Brazil ventures

By Our Financial Staff

AKZO, the Dutch chemicals group, is to invest a total of $44m in the construction of two factories for its chemicals ventures in Brazil.

Akzo's chemical division plans to allocate $35m to build a plant that will manufacture cracker catalysts for the oil industry.

Located at Santa Cruz; the plant is expected to start up in 1987 and will have a productive capacity of 25,000 tonnes a year.

Akzo's partners in the venture are Petrobras, the state oil company, with 40 per cent, and Oxitend, a Brazilian chemical company, with 20 per cent. Cracking catalysts are used to convert heavy petroleum products into more marketable light oil products.

Akzo has also allocated $9m for the construction of a nitril and amins plant at Itopeva, outside Sao Paulo. The plant will have a capacity of 75,000 tonnes and will come on line later this year.

Better showing by Creditanstalt

BY PATRICK BLUM IN VIENNA

CREDITANSTALT, Austria's largest bank, showed an improved performance last year with profits before tax increasing by just under 8 per cent to Sch 737.1m ($31m).

The bank plans a Sch 450m rights issue. The offer, on a one-for-seven basis, will be made from next Monday. The Austrian Government is Creditanstalt's biggest shareholder.

After tax, profits improved from Sch 299.3m to Sch 304.1m. The improvement is partly attributed to a reduction in the level of provision needed for loan losses which had been unusually high in 1983, and to a slight increase in income from interest and from commissions and fees.

The bank, however, increased its foreign risk provisions by Sch 300m to Sch 760m. This figure does not include additional provision for individual foreign borrowers

This year's dividend is maintained at 10 per cent on capital which was increased by 14 per cent last year from Sch 2.1bn to Sch 2.4bn.

The balance sheet grew last year by 8.3 per cent to Sch 325.9m ($14m) although more than half of the increase is attributable to the rise in the dollar.

Foreign business rose slightly to 49 per cent of the balance sheet total, with actual foreign risk excluding export financing to foreign customers guaranteed by the Republic of Austria up from 35 per cent to 36 per cent.

VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS

PER 5 MARCH 1985

	INDEX Today	Last week	% Year's High	Year's Low
US$ Eurobonds	11.64	11.47	11.77	10.85
DM (Foreign Bond issues)	7.44	7.54	7.58	7.01
HLF (Bearer Notes)	7.86	7.62	7.89	6.83
Can$ Eurobonds	13.23	13.13	13.29	12.21

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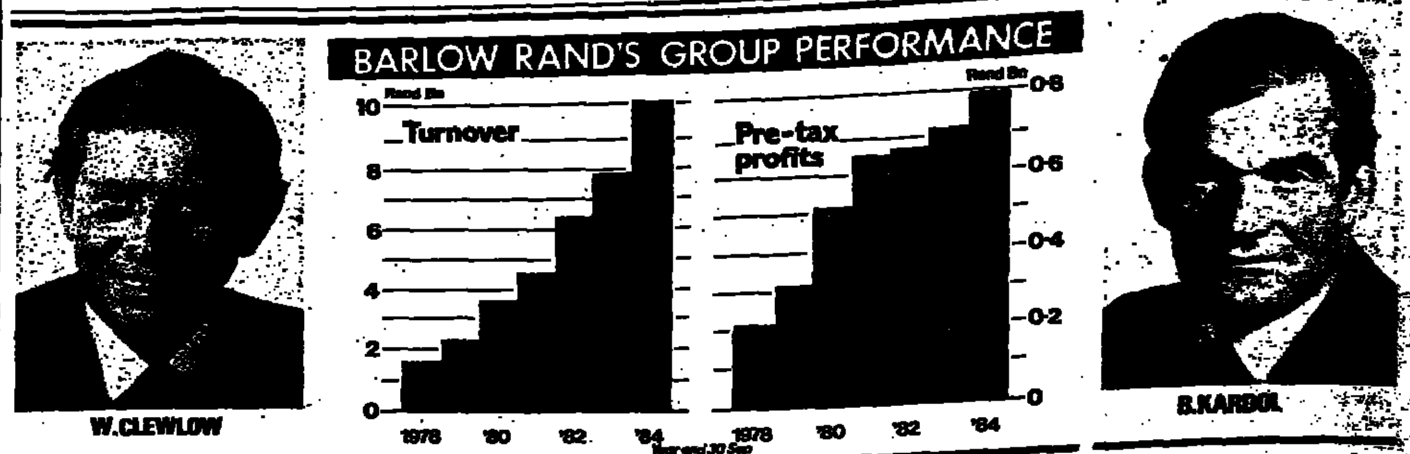
INTL. COMPANIES & FINANCE



Warren Clewlow is Barlow's chief executive. Bastiaan Kardol is the new chairman of Barlow's international division and is seen to become chairman of J. Bibby.

Barlow Rand casts a wider net

Jim Jones looks at the way that one of the few big South African companies is diversifying overseas

THERE MAY BE temptations to ascribe foreign investments by South African companies to the wish to escape the country. The South African economy is troubled. The country's currency is in a poorly state, interest rates are high, and the political outlook is clouded.

Such things may have prompted many individuals to seek ways to move funds to hard currency areas. Even so, it is wide of the mark to assume the same motives have, in general, prompted South African companies to invest abroad.

The takeover for £274m (U.S.$ 295m) last autumn of J. Bibby and Sons, the UK industrial and agricultural concern, lends point to this, when taken with last month's Bibby £28m rights issue and the Bibby takeover move for Princeton Packaging, a U.S. paper and plastics processing group—part of the Barlow Rand empire—for some $24m.

At Barlow Park, the leafy, suburban headquatrers of the Barlow Rand industrial, mining and industrial group, the idea that the group's recent acquisition of J. Bibby was motivated by disenchantment with South Africa causes irritation. It forms, says Mr Warren Clewlow the group's chief operations officer, part of a coherent long-term corporate development plan and does not diminish the group's domestic capital spending. At the same time, the Bibby takeover and the Princeton reorganisation are seen as a springboard for development abroad.

The group feels hemmed in. At one level, there are the foreign exchange controls which prevent South African companies readily shifting outside their own, small market. More fundamentally, however, Barlow Rand is hemmed in by a declining South African economy, and the effects of this are exacerbated by the fact that a few large groups, including Barlow, control virtually all the country's private sector. There is little point, for one company, in clashing head on with other major competitors to gain market share, as a means of offsetting the effects of economic decline.

The Barlow group's lack of manoeuvrability shows up in the fact that C. G. Smith, a subsidiary, has, for example, about 40 per cent of the sugar industry. Pretoria Portland Cement is one of three companies in a tightly-knit cement market, and Tiger Oats has over the past few years acquired additional food sector interests to give it and its major competitors control over almost every aspect of South Africa's food business.

Foreign expansion was seen at Barlow as the only way of breaking free of the tightening grip of South Africa's relatively small and now-ailing economy. It was not a sudden decision. The group's shares are quoted on a number of European bourses, in part in preparation for paper-based acquisitions. Opportunities in that direction are, however, affected by Barlow's South African nationality.

With the political drawback becoming coupled with the constraints imposed by South Africa's exchange controls, Barlow picked on the most obvious alternative strategy. That was to base foreign expansion on a firmly-held subsidiary, which was large enough to generate and mobilise its own expansion capital needs: that was where Bibby came in.

The Tiger Oats subsidiary held 30 per cent of Bibby's equity, and Barlow bid for that and the outside shareholdings last September in a bid worth £3 a share. This bid, controversially high, attracted Bibby shareholders to the extent that they sold 97 per cent of the company's equity to Barlow. Furthermore, the bid's success left too few Bibby shares in minority hands for the company to retain its London Stock Exchange listing. A wish to retain the listing has, at least in part, prompted Barlow to set in train early diversification for Bibby, even though the first acquisition involved is that of a Barlow associate, Princeton.

Mr Clewlow believes that last September's bid price for Bibby was not too high, and adds that it was pitched at a level which made it clear that the acquisition of 30 per cent of Bibby from Tiger Oats was an arm's length transaction.

Either way, the holding allows Barlow Rand to implement the next stage of its foreign expansion strategy. Bibby has considerable scope to issue new shares to finance acquisitions without diluting Barlow Rand's equity stake below the 50 per cent level needed for absolute control. In addition, and perhaps more importantly, Bibby's own growth plans need not be constrained by Barlow Rand's inability, arising from South African foreign exchange controls, to take up future rights issue entitlements.

Barlow Rand was under no pressure, Mr Clewlow says, to increase the number of Bibby shares held by minorities. The group had told the London Stock Exchange that it would do so, but did not feel bound to any particular timetable. Several other South African mining and industrial groups are now struggling with recent acquisitions. Barlow Rand is, as a matter of policy, not in acquisitions for their own sake.

Its development strategy in South Africa is founded on steady moves into areas it knows and in which it feels that it has managerial competence. The group's advance has been the envy of many competitors, and there is little likelihood of foreign development strategies being basically different from those developed for South Africa.

In short, Barlow Rand has decided that Bibby will be the group's primary foreign arm, and that non-South African acquisitions will not be made by issuing additional shares in Barlow Rand itself. Being South African has its drawbacks, and Bibby, which remains a British company, does not carry the political stigma of being South African.

Management styles are remarkably similar at Bibby and Barlow Rand, so there will be no fundamental disputes over implementation of development policies. Emphasis will be on moves into countries with commercial and financial regimes which are similar to those of South Africa and Britain.

Mr Clewlow is clear that Bibby's acquisitions will be aimed only at companies with established records and management. Barlow is looking at countries with markets similar to that of South Africa, but it will be moving into fields far more competitive than are to be found in its home country.

City still sceptical about Midland Bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE FALL in Midland Bank's share that greeted its results yesterday was an indication that the City is still sceptical about Britain's most accident-prone bank despite its better than expected profits.

The £135m Midland reported may have exceeded the £90m or so the market was looking for. But analysts quickly decided that the accounting behind them verged on the creative, given Midland's need to absorb the £222m losses recorded by its Californian subsidiary Crocker National Bank.

The pre-tax line, for example, included the £134m gain Midland made on the sale of Crocker's headquarters in San Francisco last autumn. Excluding that, profits would just have squeaked into the black.

In claiming that it managed to cover its £58m dividend payout, Midland also ignored £17m of extraordinary expenses, related mainly to a "once for all" winding down of parts of its business. Again, had these been included in the calculations, Midland only really had £45m to pay its dividend, meaning that it was uncovered to the tune of £13m.

Midland also seems to have skimped by making a minimal provision to cover bad and doubtful debts. Aside from the huge sums already reported by Crocker, the Midland group's total charge was £160m, down from £198m in 1983. This contrasts with the big increases in bad debt provisions made by NatWest earlier this week to cover what it described as an outlook dictating a need for "great caution."

However, Midland and its highly regarded Mr Michael Julien, finance director, were to be expected to put the best possible face on their results after what was probably the most traumatic year ever endured by a British clearer. The question now is how quickly Midland can recover.

Fortunately for the UK's third largest bank, non-Crocker business is doing very well: pre-tax profits rose from £242m to £357m largely because of the buoyancy of the British banking market where loan demand has been brisk and personal banking fairly lucrative.

Midland will not say exactly how well it is doing out of the "free banking" services it introduced last year, but it claims to have attracted a lot of high quality accounts despite the scepticism of other banks who have yet to follow suit.

Subsidiaries like Clydesdale Bank (taxable profits rose from £18.14m to £24.23m), Thomas Cook and Forward Trust are also doing well, though Samuel Montagu had a bad year because of dull financial markets and the cost of organising its new securities ventures in the City revolution.

As a group, Midland is also a more tightly run ship. An executive committee under Mr Geoffrey Taylor, the chief executive, is keeping a close eye on Midland's broad empire, particularly Crocker. A newly formed credit committee under Mr Ernst Brutsche, a former Citibank man, is trying to improve the group's financial housekeeping. About two-thirds of the £2bn balance sheet savings it is looking for have so far been achieved.

But while profits are now coming in and—with luck—the worst of Crocker may be over—Midland remain boxed in by a shortage of capital which could slow the pace of its return to health.

Mr Julien said yesterday that the bank was considering making an issue of $300-$300m of perpetual floating rate notes to strengthen its balance sheet. These instruments have been controversial since NatWest and Barclays pioneered them last year because the Bank of England is insisting on strict terms if banks want to count them as capital.

But while many people doubt that investors will rush to buy them on the Bank's terms, Mr Julien added that he was confident Midland could put together a saleable issue. A perpetual floater would permit Midland to "gear up" its equity capital more, and interest would probably be allowed by the Inland Revenue as a pre-tax expense.

Midland also wants to realise more capital by selling off affiliates where it does not have management control. Three small sales last year netted about £20m. Some time, Midland expects to sell its interests in European American Bank of New York, and 3i, UK finance group. Mr Taylor said yesterday that Midland wanted to raise £500-£600m, including the proceeds of the note issue.

Clearly, though, Midland will not be out of the woods until Crocker itself is turning in a healthy profit. Sir Donald Barron, the chairman, said that he could never give a cast-iron guarantee that Crocker's losses were over. But at least the bank now had a huge cushion of reserves to meet future emergencies, and was better placed to go after new quality business.

See Lex

BREAKDOWN OF ACCOUNTS AND PROVISIONS

Profit and loss	1984 (£m)	1983 (£m)
Crocker loss	222	17
Group pre-tax	135	225
Tax	160	100
Minorities	87	7*
Extraordinaries	17*	4*
Dividends	58	58
Retained deficit	13	56†

Bad and doubtful debts	1984 (£m)	1983 (£m)
Domestic	93	80
International (ex-Crocker)	67	118
Crocker	456	120
Total	616	318
Specific	471	228
General	145	90

* Debit. † Profit.

Blagden to expand in Europe with £25m deal

BY MARTIN DICKSON

Blagden Industries yesterday unveiled a major expansion plan, involving the purchase of a group of European steel drum manufacturing companies for about £25m. The deal will be funded by a complex and novel share issue that will double its market capitalisation.

The share issue, devised by N. M. Rothschild, rolls together elements of a rights issue, a fixed price offer and a tender.

Blagden, a manufacturer of steel drums, plastic products and chemicals, is buying most of the European subsidiaries of its major shareholders, City Investing of New York, which is going into voluntary liquidation.

Simultaneously, City yesterday disposed of its 34 per cent equity interest in Blagden through a placing of shares with institutional investors at 112p.

Dealings in Blagden shares were suspended at 130p on Monday, at the company's request, pending an announcement.

Blagden also announced yesterday that pre-tax profits for 1984 totalled £2.97m, up 14 per cent on the £2.61m of 1983. Turnover was up 7.7 per cent, at £72.4m. The company is paying a second interim dividend of 3.7p, making a total for the year of 7.2p, against 6.8p previously.

Blagden is buying City's subsidiaries in Belgium, Holland, France and West Germany, together with associated companies in Spain. These had aggregate net assets at the end of last year of £19.64m, pre-tax profits of £4.33m and turnover of £45.68m.

The companies' operations are similar to those of Blagden's container division, which are concentrated mainly in the UK, and will make Blagden the second largest supplier of large drums in the countries where it operates, with an 18 pe cent market share.

Mr Tecwyn Wilkinson, managing director of Blagden

City is to get £9m in cash—which Blagden is funding by a long-term loan—and most of the proceeds of an issue of 14.95m new Blagden shares, which will enlarge the equity capital to 29.29m shares.

Rothschild is offering 9m of the shares at a fixed price of 112p a share, with half of the total reserved for existing shareholders, who would be guaranteed three new shares for every 10 held.

The remaining 5.95m shares will be offered on a tender basis, with City getting 5/6ths of any premium above the 112p minimum and Blagden the remainder.

One novel feature of the tender is that anyone applying below the striking price fixed for successful applicants will be treated as if htey had applied at the minimum 112p price and will take part in that allocation of shares. Another is that everyone who bids at or above the striking price will get all the shares they asked for.

Rothschild said that the advantage for investors of this method was that it enabled those who felt the shares were worth more than 112p to pay that to ensure a substantial supply.

The attraction from the vendors' viewpoint was a potentially higher price and the fact that the method provided them with a measure of insulation against a runaway premium when trading started.

Blagden said that although a pro forma financial statement on the effect of the acquisition showed historic earnings per share falling from 14.7p to 14p, and net tangible assets per share down from 158p to 121p, the "potential long term advantages outweigh the dilution."

Mr Ronald Sparrow, Blagden's chairman, said that the acquisition gave the company a "unique opportunity to become a major European force in the industry."

Blagden yesterday also announced the appointment of its first group managing director, Mr Tecwyn Wilkinson, 55-year-old former chief executive of GKN's Axle division, who will take responsibility for day-to-day co-ordination of operations.

On its 1984 figures, Blagden said a particularly good result in the first half had been followed by a fal lo fsome £479,000 in group operating profit in the second, due mainly to a very disappointing performance by the plastics division. The outlook for the current year was reasonably encouraging.

Burndene profits advance 18%

Burndene Investments raised taxable profits by 18 per cent from £49,000 to £58,000 in the half year to December 1 1984.

Turnover of this Edinburgh-based caravan and mobile home manufacturer and property developer moved ahead to £4.5m against £4.37m for 27 weeks last time.

Results of overseas subsidiaries have been excluded as they are not material to the group's results.

A further interim statement will be issued in respect of the four months to March 30 1985 and thereafter half yearly. The directors say that it will be difficult to compare group profits for the 12 months to June 2 1984 with those for the 16 month account period to September 28 1985, in view of the cyclical nature of the company's business.

However, it is hoped that profits will be higher than those that might be expected on a time apportionment for the additional four months.

Turnover in the caravan manufacturing and site operating division for the nine months to March 2 1985 is £5.6m, about 25 per cent higher than for the same period in the previous year.

The reduction in sales in the company's textile division for the half year to December, following the very warm summer, was fuly recovered in the three months to March 2 1985.

Taxable profits were struck after net interest payable of £114,000 (£116,000) and unchanged depreciation of £88,000. There is again no tax. Earnings per 15p share improved from 0.48p to 0.56p. In 1984, the company paid a single dividend of 0.35p after four years' absence from the dividend list.

BOARD MEETINGS

TODAY

Interims: Christy Hunt, Consolidated Plantations, Majedie Investments, Ocean Wilsons, William Sinclair.

Finals: Anglo American Gold Investment, Barclays, Barlow Holdings, British Petroleum, Cadbury Schweppes, Commercial Union Assurance, Corah, Davies and Metcalfe, Energy Recovery Investment, Fife Indmar, General Mining Union Corporation, Harmony Gold Mining, Instem, Jebsens Drilling, Novo Industri A/S, Philips Lamps.

FUTURE DATES

Interims—	
Amber Day	Mar 12
Breville Europe	Mar 13
Manson Finance Trust	Mar 26
Minerals Oils and Resources Shares Fund	Mar 21
Paterson Zochonis	Mar 19
Pifco	Mar 15
Finals—	
Croda International	Mar 26
Guardian Royal Exchange	Apr 3
Hawtal Whiting	Mar 12
Hepworth Ceramic	Mar 22
Pentos	Mar 12
Steetley	Mar 25
United Newspapers	Mar 28

Galliford reverses decline

Despite trading losses in Galliford's precision engineering companies, the first half to the end of 1984 saw an improvement in group profits and a reversal of the trend to profit decline of recent years. The directors are confident of an improved second half in precision engineering.

The midway taxable result was £1.27m against £1.02m, and the directors propose an interim dividend of 1p net, up from 0.7p. Last year, when profits fell from £2.88m to £2.18m, the payout came to 4p.

Group turnover of this construction and engineering concern moved ahead from £34.93m to £42.19m, generating trading profits up from £1.72m to £2.07m. Depreciation took £782,000 (£703,000), and the share in the loss of an associated company accounted for £23,000 (nil).

Tax took £590,000 (£273,000) and an extraordinary item £69,600. Earnings per share are stated at 2.68p (2.93p).

Commenting on the current half, Mr Peter Galliford, the chairman, says that the interim report comes at a time when the group has experienced many weeks of extreme weather conditions, but he believes that an improved full-year result will still be achieved.

He says that in the period under review property development was a very disappointing scene, "where slippage in achieving completion of a number of projects has occurred." Building contracting continued its sound performance and will produce a good result for the year as a whole.

Chorley Engineering, which provides services to the off-shore oil and gas industry in the North Sea and other parts of the world, produced a "sound trading result," but Chorley plant hire in the UK proved disappointing.

Civil engineering results were satisfactory, with Galliford and Sons back into profit after last year's set-back. Competition for the much reduced volume of work available is still fierce, says the chairman.

He adds that the switch in resources into more specialised fields is making good progress and this will be further enhanced by Chemical & Industrial Building Co (Northern) joining the group.

First Leisure sees further progress

At the annual meeting of First Leisure Corporation, a company formed to acquire the leisure interests of Trusthouse Forte, Lord Delfont, the chairman, said he was encouraged by the trading results of the first four months of 1984-85, and believed that the company could look forward to further satisfactory progress.

So far the company's discotheques continued to report excellent results, he said, despite one of the severest winters for some time.

Although most of the activities at the piers, seaside entertainment and leisure centres were closed during the winter, Lord Delfont told shareholders that a full programme of work was in hand, including further innovative developments, much of the benefit of which should be felt later in the year.

He said that good progress had been made in researching new sites for further snooker clubs and that this new division was steadily increasing its contribution to group results.

The directors were also considering alternative treatment for the two theatre restaurants, he said, which they believed would ensure their long-term profitability.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Blagden Inds. ...sec. int.	3.7	—	3.5	7.2	6.8
BTR	7.25	May 17	4.5	13	8.5*
Candover	2	—	—	2	—
Galliford ...int.	1	April 3	0.7	—	4
General Accident	12	July 1	11	20	19
Heywood Williams	3.8	—	3.5	6	5.5
Thos. Jourdan	4.55	—	4.03	6.3	5.78
Lex Service	6.5	April 27	6	10.6	9.75
Midland Bank	14.5	April 4	14.5	25.5	25.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

BTR better than expected at £284m

BTR, the broadly-based conglomerate which at the beginning of the year launched a £33m bid for Dunlop, yesterday revealed better than expected 1984 profits. The years' pre-tax result jumped from £171m to £284m, compared with the company's Jaunary estimate of some £270m. Sales surged ahead from £1.97bn to £3.49bn.

The final dividend is 7.5p net, against a forecast of not less than 6.5p, making a total ineffect up from 8.5p to 13p per share—a 53 per cent rise. The board says the years' distribution is consistent with the growth in earnings and expectations. A one-for-ont scrip issue is also proposed. The shares closed up 21p to 664p.

In 1984, all currencies have been translated into sterling at the period end rates, instead of at average rates as in the previous year. The effect of the change is ti increase pre-tax profits by £19m (£5m). Prior year comparisions have not been restated.

Earnings per share for the year are stated ahead from 25.4p to 36.6p. Restated 1983 earnings were 26.4p. Net assets per share at December 29, 1984 were 28.9 higher at 159.5p.

The board reports that good progress was made in development of the broad range of the company's operations and record results were achieved in every region and in every business segment.

Group operating profits for 1984 climbed from £206m to £338m. A regional breakdown shows: Europe £172m (£116m); West £140m (£67m) and East £26m (£23m).

A divisional analysis of profits shows: construction £73m (£35m); energy and electrical £72m (£41m); industrial £51m (£36m); consumer £131m (£92m) and financial services £26m (£14m).

Other income added £16m (£13m), but financial costs took £70m (£48m). After tax £30m higher at £84m and minorities, net earnings showed an increase from £113m to £194m. Extraordinary charges were doubled at £26m and included a £10m charge for deferred tax arising from the significant changes in the basis of tax contained in the Finance Act 1984.

The 1983 results incorporated BTR for the 52 weeks ended December 31 and Thomas Tilling for the 26 weeks from July 1 to December 31.

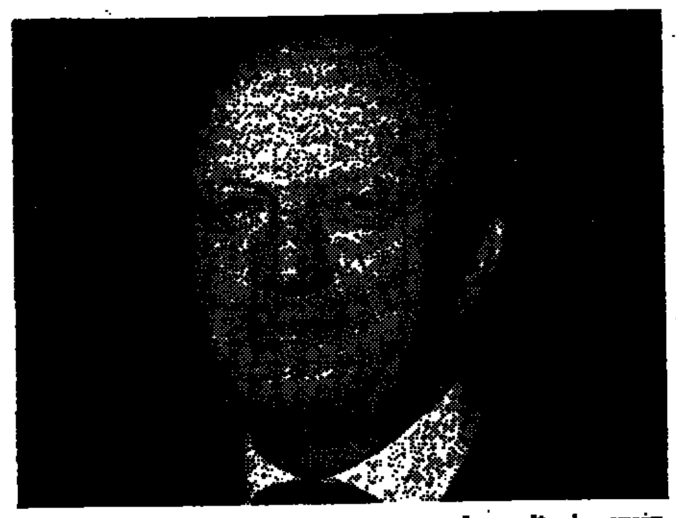
"The continuing improvement in the world economy provides the greatest opportunity and presents the best challenge to an organisation of BTR's dimensions and character," the board says.

Shareholders' funds at the year end were up from £692m to £847m and stated gearing was 63 per cent (86 per cent).

Sir Owen Green, the chairman, said later that U.S. Supplies Group, acquired in 1983 with Thomas Tilling, recorded a swing of around £16m from loss into profit.

There was a 7½ per cent increase in exports from the UK last year, he reported.

See Lex



Sir Owen Green, chairman . . . record results in every region and business segment.

Dunlop sell-off confirmed

By Martin Dickson

Dunlop, the tyre and rubber group fighting off a £33m takeover bid from **BTR**, confirmed yesterday that *it* was negotiating to sell off its U.S. subsidiary to a group of American investors, including the local management.

The news led to a substantial rise in Dunlop's share price, which closed last night at 51p, up 6p on the day. That compares with BTR's paper offer of 22.5p a share, on the basis of BTR's closing price of 664p, up 21p in the wake of yesterday's good 1984 results announcement. There is a cash alternative of 20p.

BTR will have to decide today on its next strategic move. Its offer was accepted by only 0.26 per cent of shareholders by the first closing date, and it has extended this until today.

The company is under pressure to raise its offer and the market's response to Dunlop's U.S. announcement will add to this.

Dunlop is believed to have reached agreement in principle with the management of Dunlop Tire and Rubber, its U.S. subsidiary, on a $120m (£113m) buy-out, with the U.S. purchasers also retaining debts of about $60m.

The company said yesterday that negotiations were at an advanced stage. The disposal was a "further important step in the new management team's strategy of concentrating on the group's core businesses and reducing even further involvement in the tyre business."

Completion of the deal would mean that Dunlop's remaining tyre interests were concentrated mainly in Africa.

Lex sees sharp downturn as U.S. electronics demand falls

Lex Service, a distributor of vehicles and electronic components, increased its pre-tax profits for 1984, from £38.3m to a record £46.8m. The second half showed a reduction at £19.9m against £30.8m, and a substantial fall is expected in the first six months of the current year.

The final dividend is lifted from 6p to 6.5p net per 25p share, making a total for the year of 10.6p (9.75p).

Mr Trevor Chinn, the chairman says that it will remain the board's policy to avoid unnecessary volatility in the level of dividend payments from year to year, and to reflect over time the company's long-term growth.

Net earnings per share are shown lower at 34.7p against 39.3p.

The chairman says that results for the current year, particularly in the first half, will be much affected by the lower level of demand for electronic components, especially in the U.S. and by the extent and timing of the generally anticipated recovery.

Management information for the first two months shows that sales, in line with the distribution industry, remained similar to those of December. He says that without considerable improvement the company will incur a small trading loss in the U.S. in the first half.

The European electronic component distribution businesses are experiencing reduced profits, partly due to the necessary reorganisation of businesses in Germany. In the light of these factors, and some increase in interest charges, the chairman says that the overall results will be substantially worse than those of the corresponding period of 1984.

Looking further into the year many industry analysts in the U.S. are optimistic that demand will improve. The lower cost structure which Schweber, the U.S. electronics components distributor, has implemented should have become effective by that time, he says.

The chairman sees the volatility of the electronic components distribution industry as the principal cause of the "marked difference" between the two halves of 1984. This was particularly evident in the U.S., he says, where, contrary to expectations in the early part of the year, demand fell, especially in the fourth quarter, from the "very high peaks" of the first half.

As a result Schweber Electronics' average monthly sales in the final quarter were 25 per cent lower than the peak level reached in March and April.

Nevertheless, Mr Chinn says that the whole year's trading profits from company's businesses in this fast moving industry, were almost equal to those of its automotive businesses in the UK.

Volvo Concessionaires continued to perform well in a very competitive passenger car market, he says, holding its share close to 1983 levels, although this continues to be at some additional cost in terms of increased promotional activity.

Sales during the year jumped by £309m to £1.2bn with £629.3m coming in the second half. Total trading profit emerged at £64.4m (£48.7m), with the UK contributing the largest share at £38.7m (£40.7m). The U.S. result jumped from £7.4m to £22m and West Germany and France added £3.7m (£0.6m).

The pre-tax figure was struck after interest of £10.6m (£5.2m) and a £1.3m (£0.9m) allocation to the employee share scheme. It included a contribution of £0.2m (£0.4m) from related companies.

Tax took an increased £19.4m (£10m).

● comment

The stock market had been alerted to expect disappointing results from Lex Service a a couple of weeks ago after its brokers revised the profits forecast downward by 30 per cent. The shares have since fallen from 253p to close yesterday at 199p, a fall of 26p on the day. The further decline yesterday was a response to the chairman's comments that Schweber Electronics could actually make a loss in the first half of the current year. Lex Service's move into electronic components distribution over the last three years has been the main motor to growth and the real attraction for investors, as its traditional automotive business has come under increasing pressure in a very tough market place. The collapse in demand in the U.S. has stalled Lex Service and i t will be the second half of the current year at the earliest before a significant improvement can be hoped for. Even then, the speed of the pick-up is impossible to predict, and analysts have all cut their forecast back yet again to average around £23m pre-tax, less than half earlier estimates made before the disappointing news broke. Until more positive signs emerge from the U.S., the shares are likely to languish at these levels which, assuming a maintained dividend of 10.6p net, gives a prospective yield of 7.8 per cent.

Freshbake buys pie maker for £1

By Paul Ham

Freshbake Foods, a manufacturer and distributor of frozen foods, said yesterday that it had agreed to buy McKellar Watt, the debt-laden Scottish-based sausage and pie maker, for a nominal £1.

Freshbake, which is accustomed to costlier acquisitions, in particular the £4.5m for Baughan's Foods and the £1.25m for Muirson Food Brokers it paid last year, said the takeover of McKellar was part of its far-reaching plan to become a broadly-based frozen food company in the UK. Its share price closed yesterday at 106p, up 1p.

Freshbake takes full control of McKellar at the end of March, pending the approval of shareholders and McKellar's main creditor, the European Coal and Steel Community.

McKellar, which has been running at a loss since 1982, has outstanding debts totalling £2.95m plus a substantial amount owed to the ECSC.

Freshbake plans to finance the debt through an unusual agreement with the Clydesdale Bank of Scotland described by Mr Ken Manley, managing director of Freshbake, as "borrowing money on a two-year honeymoon, inteerst-free."

Clydesdale has agreed to write off £1.25m of the debt and convert the remaining £1.7m into 170,000 fully paid cumulative preference shares in McKellar Watt redeemable at £10 a share.

Clydesdale may opt to exchange each preference share for 8.1 ordinary shares in Freshbake between 1991 and 1995. If it exchanged all its preference shares it would receive 1,377,000 additional ordinary shares in Freshbake, constituting 4.7 per cent of the enlarged capital.

Mr Manley said Clydesdale was "really taking it on the chin. They believed this company was worth saving."

According to Freshbake's chairman, Mr John Taylor, McKellar is being acquired for the same reason Baughan's Foods was aquired from Ranks Hovis McDougall last year—"to provide additional production capacity and therefore greater sales penetration."

Freshbake stands to benefit from McKellar's seven-acre site and factory of 150,000 sq ft in Glasgow and technical experience in sausage making.

Mr Manley said McKellar plunged into losses because it overborrowed from the ECSC to build an extension to its factory.

Freshbake expects to continue expanding and emerge ahead of the £509,000 profit it made in the six months to Setpember 1984, down from £959,000 in the corresponding period in 1983.

GEC buys 9m more of its own shares

General Electric Company confirmed yesterday that it had made another sortie into the stock market, through brokers Scrimgeour Kemp-Gee, to buy 9m of its own shares at 197p each. In December, it bought 40.37m shares at 228$\frac{1}{16}$p each.

GEC has shareholder approval to buy up to 250m of its shares as part of an effort to enhance earnings per share.

See-saw day for Acorn

Acorn Computers returned from suspension yesterday following its rescue by Olivetti of Italy and a rights issue. The shares, which had been suspended in February at 28p, rose to 35p but closed at 28p.

KIO increases its stake in Barratt Dev

The Kuwait Investment Office, which invests passively in many UK companies, has increased its holding in housebuilder Barratt Developments from 12.55m to 15.05m shares, giving it 8.47 per cent. Barratt shares were unchanged yesterday at 74p.

Lonrho Fraser report imminent

By John Moore, City Correspondent

THE DEPARTMENT of Trade and Industry is expected to publish today the Monopolies and Mergers Commission report into Lonrho's relationship with the House of Fraser and its long running battle for control of the stores group.

The Department of Trade has been rushing through the final consideration of the Lonrho-House of Fraser battle, as the stores group earlier this week recommended a £615m cash offer from the Al-Fayed family of Egypt who are seeking to buy the chain of 102 department stores.

Usually the Trade Department and its ministers take two or three weeks to come to a final decision on a Monopolies and Mergers report, but the Trade Department said yesterday "we are going as quickly as we can in view of the situation."

The report was received by the Trade department on February 27 from the Commission. When the report went to the Department there was speculation in the City that the Commission had reversed its decision of 1981. That said that a bid by Lonrho for the stores group would not be in the public interest.

Last week the share price of House of Fraser started moving rapidly upwards and the Al-Fayeds moved swiftly to make their own bid before the price of the shares made any takeover impossible.

Since the Al-Fayed family bought the original stake of 29.9 per cent in House of Fraser from Lonrho last November there has been widespread City speculation about the extent of the wealth of the family as little is known about their business operations in Britain.

If Mr "Tiny" Rowland's Lonrho is given clearance to bid by the Monopolies and Mergers Commission, he has said that Lonrho might wish to make an offer of "425p to 450p" for Fraser compared with the Al-Fayed family's 400p per share offer.

The Monopolies and Mergers inquiry was triggered by Lonrho's plans last summer to seek the election of six of its own directors to the House of Fraser board and six nominated outsiders. When the Commission sought to extend its period of investigation from the usual six-month period to nine months Lonrho decided to sell its shares to the Al-Fayed family.

Lonrho currently holds 6.3 per cent of the shares in Fraser and is likely to hold on to the stake or increase its shareholding even though the Commission may uphold its decision of 1981. This tactic would prevent the Al-Fayed's from gaining full control over Fraser.

General Accident blown off course in final quarter

THE AUTUMN windstorms in the UK, together with a substantial rise in UK motor claims, blew General Accident Group completely off course.

These factors were instrumental in bringing about a small pre-tax loss in the final quarter and resulted in GA recording a mere £3.9m pre-tax profit for 1984, compared with £65.6m in 1983—itself rather a poor year.

Worldwide underwriting losses soared in 1984 from £750.2m to £268.3m, with losses in the U.S. more than doubling. Investment income showed a useful 25 per cent increase from £212.5m to £266.2m, with an underlying growth arte of 9.3 per cent, and almost covered the underwriting losses. It was left to profits from the long-term business—up nearly 60 per cent from £4.9m to £7.7m—to provide a pre-tax profit.

An £8.1m tax credit, compared with a £1.9m charge in 1983, softened the blow with net profits for 1984 of £9.8m against £62.2m in 1983. Earnings per share fell from 37p to 5.9p.

However, shareholders get a 5.3 per cent increase in their dividend for 1984, which rises by 1p to 20p. A statement from the company emphasises that this increase reflects the underlying strength of the group's assets which rose during 1984 from 677p per share to 828p per share. The solvency margin was 82.4 per cent compared with 81.7 per cent at the end of 1983.

General insurance premium income rose during 1984 by nearly £300m to £1.69bn, with an underlying increase, adjusted for exchange rate fluctuations, of just over 8 per cent.

As with other insurance composites, GA was badly hit in the U.S. where underwriting losses rose from £56.3m to £136.1m, following a final quarter deficiency of £32.3m against £8.1m.

U.S. written premiums were 9.3 per cent higher at $873m against $799m. The operating ratio for the year rose from 109.79 per cent to 117.86 per cent, even though the expense ratio fell from 31.09 per cent to 30.76 per cent. The final quarter operating ratio was 116.24 per cent against 105.27 per cent

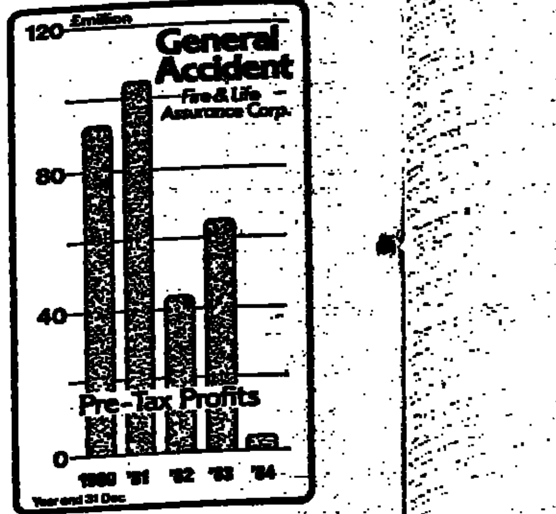
The company experienced adverse conditions on all its U.S. commercial lines during the fourth quarter and throughout the year. In private automobile the significant decline in the first nine months went no further in the final quarter. But in the Homeowners' account, the improvement at the nine-month stage went into sharp reverse in the final quarter and resulted in increased losses for the full year.

In hte UK, underwriting losses were £10.3m higher in the fourth quarter at £25.3m, with the October windstorms in Scotland and the North of England costing £2.25m in claims. This resulted in total underwriting losses for the year climbing from £57.5m to £72.4m on premium income marginally 3.4 per cent higher at £505m.

Much of the final quarter deterioration came from a 7 per cent rise in motor insurance claim numbers in the final quarter and some late reporting of claims arising in the third quarter. Experience in this quarter resulted in GA's motor account—it is the largest motor insurer in the UK—showing a deficit of £13.6m against £18.6m in 1983. There was a 7.4 per cent drop in premium volume but the decline in the motor account slowed in the final quarter.

The windstorms pushed fourth quarter losses on the Homeowners' account from £2.7m to £3.3m, bringing the total deficit for the year to £14m against £11.8m in 1983. The company is putting its buildings rate up from 15p to 16p on April 1

See Lex



QUARTERLY UNDERWRITING LOSSES AT 1984 YEAR-END EXCHANGE RATES

	1st (£m)	2nd (£m)	3rd (£m)	4th (£m)
UK	31.1	1.8	14.2	25.3
U.S.	35.8	35.7	32.3	32.3
EEC	4.9	4.4	1.4	5.4
Canada	5.9	5.8	9.8	12.3
Australia	0.4	0.4	0.9	*0.2
Others	2.2	2.1	2.2	1.7
	80.33	50.2	60.8	77.9

* Profit.

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UK COMPANY NEWS

Heywood fails to meet profit expectation

Heywood Williams, aluminium and glazing specialist, had a disappointing year in 1984, according to Mr Ralph Hinchcliffe, chairman, despite record pre-tax profits of £2.51m against £2.35m.

The group failed to meet earlier profit expectations due to an "unprecedented" low level of home improvement trade in the second half, when an upturn in business is usual.

Turnover was up 17.3 per cent to £50.54m (£43.07m). Over the previous year, turnover rose by 30 per cent, and boosted the taxable return by 177 per cent.

Despite a difficult start to the current year, Mr Hinchcliffe expects the group to show significant growth.

The board continues to examine acquisition opportunities but will remain extremely selective. The policy of investment in existing operations remains a high priority.

The Hungarian Government is understood to be perturbed by what it sees as the recent switch in British policy from opposition to President Reagan's Star Wars programme to qualified support for research at least into the feasibility of space-based missile defence. It fears that U.S. procrastination on space weapon negotiations, while research is completed, may scupper the Geneva talks.
balance; national debt;

Pre-tax profits for 1984 were calculated after deducting interest of £169,000 (£440,000) and costs of the employee share scheme of £131,000 (£124,000).

After deduction of tax of £423,000 (£282,000) and extraordinary debits of £123,000 (£4,000), earnings per share were stated at 19.7p (23.5p). Fully diluted earnings per share were stated at 18.4p (21.7p).

A dividend of 3.8p (3.5p) will be paid, making 6p for the full year (5.5p).

Mr Hinchcliffe says the tax charge increased due to profits in subsidiary companies which have utilised their tax losses. This, combined with the fact that rights issue monies received in December 1983 were not fully utilised until the acquisition of City Glass Works (Liverpool) in December 1984, reduced earnings per share.

Full year results do not include a contribution from City Glass and Mr Hinchcliffe says that inclusion of the company would have considerably enhanced group profits.

The extremely competitive conditions were caused largely by the imposition of VAT on home improvement products and the cuts in local authority spending," says Mr Hinchcliffe.

The acquisition of City Glass, however, gives him added confidence for the continued development of the group's glass interests. Prospects are also good for the group's interests in glazing sytems, commercial windows, doors and shop fronts, he says.

In the year to August 31 1984, City Glass produced profits of 1.25m on turnover of £4.09m.

Mr Hinchcliffe adds that his views on the home improvement market are similar to those of most forecasters who believe that a recovery will soon be evident.

Rescue package launched for loss making Ryan Int.

BY ALEXANDER NICOLL

A GROUP of investors led by Mr Crispian Hotson is to launch a rescue of Ryan International, a Cardiff-based coal recovery group which has been severely affected by the miners' strike and problems with a U.S. subsidiary.

Ryan yesterday sought shareholders' approval for a £4.76m refinancing package, including a capital injection by the three-man group and by the UK subsidiary of Canada's Alcan Aluminium; a one-for-three rights issue at 7p per share; a capital subscription and loan from the Welsh Development Agency; and revision of borrowing facilities from Midland Bank.

If the plans are not approved, the company will ask its banks to call in a receiver. If they are, Mr Hotson, a South African-born 33-year-old who has run a small Kentucky coal company for six years, wil become managing director of Ryan and lead the rescue effort.

Ryan, of which the shares were suspended in January at 13p, has suffered a rapid reversal since the first half of 1984. For that period it reported pre-tax profits of £1.01m compared with £542,000 in the comparable period.

Unaudited figures released yesterday show a pre-tax loss of £587,000 for the full year compared with a profit of £2.52m in 1983, on turnover of £25.3m against £25.02m. The pre-tax loss was after a £2.3m writedown of the value of its Pennsylvania plant to a figure believed to reflect the value of the business.

After tax and an extraordinary profit of £250,000 on the sale of property in Cardiff, Ryan had an attributable loss of £2.84m against a profit of £314,000 in 1983. The loss per share was 9.56p against a profit of 0.97p.

The full extent of Ryan's problems, however, can be seen in its borrowing. Bank and other loans and overdrafts, after deducting £1.45m of cash in hand, were £13m at December 31 on shareholders funds of £1.55m after deduction of the £2.3m writedown.

In the UK, Ryan's coal recovery business has been all but halted by the miners' strike. Ryan recovers coal from tips of mined and discarded material, generally under licence from the National Coal Board to which it sells the reclaimed coal.

In the U.S., its venture has suffered from a weak market for anthracite and from technical and operational problems. Mr Hotson said yesterday that it had contributed no cash to the group since the unilateral investment in 1982, and that he would be looking at ways to reduce losses or to terminate Ryan's U.S. activities.

Ryan also has more profitable operations in Belgium.

Mr Hotson, whose fellow investors are Mr Angus Mackenzie, a Canadian oil and gas entrepreneur and Mr Jim Palmer, a Calgary lawyer, first bought shares in Ryan last year. He aims to develop Ryan's UK coal recovery activities, to expand into licensed mining, to manufacture solid smokelecs fuels and to distribute coal as a wholesaler and retailer.

Under the reconstruction plan, Saratoga, a company formed by the three men, will subscribe £2.5m for 31.25m convertible preference shares, exercise an option to buy 3m ordinary shares from the WDA, and will take up its rights in the rights issue, giving it a total of 45.2 per cent voting control compared with 9.6 per cent now.

British Alcan will subscribe £1m for convertible preference shares, giving it 14.4 per cent voting control. It will also have an option to buy up to 25,000 tonnes of reclaimed coal in 1986 and 1987, and substantially higher volumes thereafter.

The Welsh Development Agency will keep 3.7 per cent of the votes, and will also subscribe £400,000 for non-convertible preference shares, as well as providing a £408,000 loan.

Midland Bank will be repaid £250,000 and will restructure the remaining £2.8m of its loans to Ryan, which is still holding discussions with Charterhouse Japhet and Chemical Bank on restructuring of their loans.

The rights issue has been underwritten by Lloyds Bank International and brokers to the issue are Laurence Prust.

Cement-Roadstone is still depressed in Ireland and UK

AS AT the interim stage, Cement-Roadstone Holdings' overseas operations have compensated for depressed trading in the Irish Republic and the UK. The pre-tax result, which showed a profit increase of 121 per cent, reflected this, as well as a drop in finance charges.

The directors of the group—Ireland's largest industrial concern—say that it is now well based geographically in fruitful markets. "When the turnround comes in the Irish market the pace of our progress will take a further welcome surge," they state, adding that "in the meantime, prospects look good."

For the year to end-December 1984 the taxable outcome was ahead by I£10.98m (£9.38m) at I£20.06m (£17.15m), after a charge for finance of £9.2m, down from £9.74m.

The surge in pre-tax profits came out of trading profits up by 54 per cent from £18.27m to £28.2m. The contribution to this from U.S. operations at £10.41m was more than three times that of 1983, and represented more than one-third of total group trading profit. Since the period end CRH has made its fourth and largest purchase in the U.S. with the £36m acquisition of Callanan Industries.

CRH also announced yesterday that as part of the funding of the Callanan deal, it has arranged to place 15.6m new ordinary shares at 64p (sterling), raising almost £10m.

The trading performance in continental Europe also improved, adding £2.28m (£635,000) to the total. In the Netherlands, the Van Neerbos subsidiary booked record sales and profits, say the directors. The improvement in the builders' merchanting division continued while the DIY division also advanced.

Associated companies at home and in the Netherlands moved ahead from £554,000 to £1.06m.

Total group sales—CRH produces cement, asbestos goods, and aggregate—edged ahead by just 5 per cent from £453.96m to £476.26m. Sales in Ireland and the UK, the group's main markets, slipped from £179.08m to £166.14m and from £146.75m to £141.84m respectively, and their share of total sales fell from 71.8 per cent to 64.7 per cent.

Both markets suffered profit declines at the trading level, with the Irish Republic return down from £9.83m to £11.7m, and that of the UK down from £4.42m to £3.81m. The directors state that while Irish Cement achieved greater efficiency in the usage of fuel, power and labour, lower volumes, static prices and increased costs inevitably led to the profit decline.

In Britain, the miners' strike and the local authority expenditure moratorium had an adverse effect on concrete masonry sales, and although demand for concrete slates remained strong, Forticrete profits "marked time."
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A second interim dividend was paid at the end of December in lieu of a final dividend. This was 1.7p net per share, for a total of 2.7p against 2.4366p adjusted for the rights issue last year. Earnings per share are stated at 2.11p (4.05p).

● comment

The trouble with doing so well in one year is that it is so much more difficult to keep the momentum going in the next. Such is Cement-Roadstone's current problem. Against the background of difficult trading conditions in its traditional markets, all the stops were pulled out to improve efficiency, with the result that Eire profits level pegged after all accountancy adjustments and UK profits dropped by only 14 per cent. At the same time the company's U.S. interests have been going great guns(providing almost as much profit as the mature home market. By any standards this performance has to be seen as exceptional, which makes it difficult to keep making headway here. Given that static or only marginal increases can be expected from Western European sources it makes sense, therefore, to buy in further U.S. earnings; hence the placing to finance the Callanan acquisition. If it goes through it could boost profits to £25m before a 15 per cent tax charge, giving a prospective fully diluted multiple of 9 at 67p. At this level the shares look on the expensive side against a similarly-rated Tarmac, which does not have the trading exposure of Eire to contend with.

Ashton leads Australian diamond prospect

BY JOHN McILWRAITH IN PERTH AND KENNETH MARSTON IN LONDON

THE FIRST test drill on what could be another major diamond province in Australia will be made at Brunette Downs in the Northern Territory during the next few weeks by a consortium led by Ashton Mining.

The group is carrying out an intensive programme on sites in the area and has formed Australian Diamond Exploration.

A market flotation is proposed for 85 per cent of the shares in the consortium, leaving interests of 5 per cent apiece to the three sponsoring companies Ashton, Aberfoyle and AOG Minerals.

The prospect is still at an early stage and a great deal of work needs to be done before the partners reach any conclusion about its potential. Diamonds have been discovered in 15 of the 22 possible kimberlite "pipes" outlined but even among such pipes the chances of an economic diamond discovery are low.

In Western Australia, the partnership of Freeport Australia and Gem Exploration and Minerals will shortly begin limited mining of alluvial diamond deposits close to those of the Argyle Diamond Mines venture of CRA, Ashton and Northern Mining.

Freeport and Gem are building a pilot plant to treat 300 tonnes of gravels a day but, if the prospect warrants it, a full-scale plant will be operational within a year or so. Their deposits are not as rich in diamonds as those being worked upstream by Argyle prior to its main AK1 mining project due to begin early next year.

Diamond grades at the Freeport-Gem deposits run about two-thirds of a carat per tonne of gravel, compared with some three carats at the Argyle deposits where the grade has been steadily declining. However, the Freeport-Gem deposits contain a much higher proportion of gem diamonds to industrial material.

Some 5m tonnes of surface gravels have been indicated, together with much larger volumes of lower grade material. The proportion of gem diamonds could be as much as one-third and the valuation of early parcels of diamonds has been A$23.50 (£15) per carat, roughly three times that of Argyle's alluvials.

Freeport is also linked with Swan Resources in bulk sampling of a prospect on the border between Western Australia and South Australia.

Whether any of the prospects being examined will become viable remains to be seen, but the huge potential of Argyle's AK1 development is likely to dwarf them all. It will be capable of producing 25m carats a year during a life of well over 20 years.

This is about 50 per cent of present world production but, being largely in the form of industrial diamonds, the Argyle output would add only about 4 per cent to the value of the world total.

New finds of diamonds, especially good quality gems, are hardly welcomed by South Africa's De Beers Consolidated Mines whose Central Selling Organisation is having to carry huge stocks of the less saleable, higher quality gem diamonds.

While the market has been picking up, demand remains concentrated on the cheaper and middle-priced goods. After improving in the first half of last year, sales of rough (uncut) diamonds handled by the CSO declined in the second half.

At the end of 1983, De Beers was carrying R2.25bn (£1.03bn) of unsold stones. That stockpile is expected to have grown slightly in 1984 instead of having been reduced as hoped.

Furthermore, the value in rands will have increased sharply in line with the rise in the value of the U.S. dollar in which diamonds are priced. The end-1984 figure should be shown in the annual results of De Beers on Tuesday.

From the company's point of view, perhaps it is as well that the undersea diamond mining operation of Ocean Diamond Mining off the Namuaqualand coast has run into problems. Some diamonds have been recovered but difficulties are being experienced with the airlift head and, until these are solved, output remains at a trickle.

Expansion-minded Thos. Jourdan tops £0.8m

Thomas Jourdan, manufacturer of trouser presses, nursery products, fireplace surrounds and a holder of Mary Quant royalty contracts, lifted its pre-tax profits from £672,000 to a record £837,000 in 1984.

A final dividend of 4.55p raises the net total by 0.525p to 6.3p per 10p share. Earnings came through at 9.69p, compared with a previous 7.39p.

Mr Archie McNair, the chairman, tells shareholders that the results demonstrate a continuance of substantial expansion for the fourth successive year.

The current year has started successfully and a further increase in profits has been budgeted for.

Turnover for 1984 was also a record at £8.7m (£7.3m). Operating profits pushed ahead from £764,000 to £964,000 after taking account of distribution costs of £1.07m (£895,000), administration expenses of £930,000 (£909,000) and adding in other operating income of £45,000 (£42,000).

Pre-tax profits were struck after deducting interest charges of £123,000 (£106,000) and taking in a share of losses of related companies amounting to £3,700 (£14,500 profit).

Tax accounted for £364,000 (£341,000) and extraordinary items took £42,000 this time. Attributable profits emerged at £430,000, against £331,000.

Pre-tax profits for the second six months rose from £436,000 to £523,000).

● comment

Having divested itself of engineering interests, Thomas Jourdan is now at peak form again. As a company it is a bit of a mishmash with its fingers in businesses as diverse as trouser presses, fireplace surrounds and Mary Quant licensing agreements. Its main strength, it insists, is its trading expertise and the results go some way to justifying this, with only the Mary Quant income making heavy weather of the successive ownership changes that have dogged Max Factor. Taking the overall outlook, Thomas Jourdan is in areas where it has reasonable market share so there is always the potential of some further growth. To supplement this it is quite happy to pick up small trading opportunities as and when they arise, but it is difficult to see this stock racing ahead. At 130p, the p/e of over 13 would seem to make the shares fairly, if not fully rated with a yield of almost 7 per cent.

Candover assets rise 42p

Pre-tax profits of Candover Investments totalled £266,954 for the 12 months ended December 31, 1984. Net assets amounted to 170p per 25p share and earnings 3.42p.

For the 18 months to December 1983 pre-tax profits were £185,797, net assets stood at 128p and earnings per share came to 1.38p. Following disposals the company has sterling and dollar funds available of some £3.4m and $0.9m respectively. A dividend of 2p is proposed (1.4p was forecast).

Moran Tea steps up docklands property development schemes

Moran Tea Holdings' redevelopment of the Riverside Block at Gun Wharf, Wapping, part of the London Docklands, is almost complete and 75 per cent of the flats have been sold, says the company in an interim report.

The conversion of Inland Block at Gun Wharf is about to be started jointly with Barratt Developments. Planning approval and listed building consent have been received.

An interim dividend of 5p (4p) will be paid. The company's next accounts will be for an 18 month period to June 30 1985 following the directors' decision to change the accounting date. The previous final dividend was 6p.

The group's pre-tax profit for the year to December 31 1983 was £764,000.

Moran, property developer and tea grower, has recently acquired a long leasehold interest in the London Soap Works at Wapping. It hopes to redevelop the site and has entered into an agreement with Barratt to do so jointly. Applications for planning and listed building consents will be submitted soon.

The board reports that the tea subsidiary has produced a record profit again and despite restrictions imposed on the export of tea by the Indian Government prices have remained satisfactory. The subsidiary is expected to produce a profit after tax in excess of £500,000 — an improvement of about 50 per cent in gross profit above the previous financial year.

Accountancy Appointments

INTERNATIONAL APPOINTMENTS
appear today on page 14

Accountancy Appointments

Our clients, International Signals & Control Group Plc operate worldwide with a turnover of over $200 million marketing sophisticated electronic security and communication systems and rocket and ramjet propulsion systems.
They now seek to strengthen the financial management based in London by making two new appointments.

Senior Internal Auditor

London based **c.£26,000**

The incumbent will be responsible to the Director of Audit in the U.S. for setting up an internal audit function to monitor the adequacy and effectiveness of internal and management controls throughout the international division's activities in the U.K., Europe and elsewhere, with particular reference to its recent acquisition in Italy. Candidates should be graduate chartered accountants in their early 30's with wide and sophisticated audit experience, high standards, independence of mind and be free to travel up to 80% of the time. Possible initial short-term assignment in Northern Italy. A good knowledge of Italian is important. The salary is negotiable around £26,000, plus excellent benefits package.
Ref. A2933.

Assistant Controller-Europe

London **c.£20,000**

The Assistant Controller will be responsible to the Vice President & Controller in the U.S. for the head office accounts function, monitoring and consolidating the results submitted by autonomous operating subsidiaries in Europe, accounting for head office expenditure, monitoring foreign exchange exposure and preparing statutory accounts, tax computations and returns. This post would ideally suit a recently qualified graduate chartered accountant in the late 20's with first class experience in the profession of multinational group operations. The salary is negotiable around £20,000 plus attractive benefits.
Ref. B2933.

Please write in confidence enclosing career details and quoting reference, to J. W. Hills, Peat, Marwick, Mitchell & Co., Executive Selection Division, 165 Queen Victoria St., Blackfriars, London EC4V 3PD.

PEAT MARWICK

Finance Director

c.£30,000 + car

Home Counties

A well established company in their highly competitive and rapidly growing marketplace, our client is projecting a turnover of £50m within three years.

The increased sophistication of management and control, and the reorganisation that is already underway make it essential that a strong Finance Director is appointed without delay. Someone who can both help drive the Company towards its exciting goals and grow personally within a rapidly changing environment.

The requirement, therefore, is for a qualified accountant aged ideally 35-40, who has recently held formal line responsibility for at least 30 people and had first-hand experience of managing a large DP function. Your particular strengths and clear achievements will lie in a flair for management accounting and commercial interpretation in a high pressure multi-location business.

Please write to **Richard Goldie** enclosing a c.v. and giving an indication of recent salary progression. **Macmillan Davies International Search Executive, The Old Vaults, Parliament Square, Hertford SG14 1PU. (0992) 552552.**

Macmillan Davies

Macmillan Davies International Search Executive

Divisional Accountant

c.£14,000+Car West Midlands

Tarmac Quarry Products

The Quarry Products Division of the Tarmac Group is an established market leader in *quarrying, road-surfacing and the manufacture of concrete products*, building blocks and bricks. It has an annual turnover of £400M and 8,500 employees. In addition to the U.K. operation there are substantial overseas businesses.

The Divisional Accountant is responsible for the consolidation of financial and management information for a number of U.K. and overseas companies. Reporting to the Chief Accountant, he/she controls a small team and manages the central Finance Department.

Ideally aged 28-35, you must be a qualified accountant of high technical competence with at least three years post qualification experience, preferably gained within a group of companies. Well developed management skills and the ability to deal with Directors and Senior Executives on all financial accounting matters are essential.

Attractive benefits associated with an international organisation are offered, including generous assistance with relocation costs, if appropriate, to a pleasant part of the Midlands close to attractive countryside. Opportunities for advancement within the Group are excellent.

Please apply with full personal, career and salary details quoting ref. 132/3/FT to: Charles Barker Management Selection International Ltd., 30 Farringdon Street, London EC4A 4EA. Telephone: 01-634 1148.

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This is an exceptional opportunity for an ambitious young accountant to join a high profile team, responsible for the audit and operational analysis of managerial policies and procedures in a dynamic international banking environment.

Maintaining the highest professional standards, you will be expected to prepare comprehensive reports for management relating to the Bank's international operations.

Candidates will be graduates with a recognised accounting qualification and a minimum of 2 to 3 years post qualification experience. Some exposure to computer based systems and experience of banking would be a distinct advantage as would knowledge of languages, particularly French, German or Spanish. Self motivation, entrepreneurial flair and above average communication skills are essential.

Applicants capable of matching the demands of this challenging career move should contact **Barbara Taylor ACA on 01-242 0965** at 31 Southampton Row, London WC1B 5HY, quoting ref L2016.

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Heron Corporation

Finance Director

Substantial Remuneration Package

The present Finance Director of Heron Corporation is to move to wider responsibilities within Heron International. The Group, therefore, wishes to make a new appointment of an outstanding financial executive.

Heron Corporation is the holding Company for a fast-expanding Group currently engaged in property development and investment, insurance, housebuilding, motor vehicle and motorcycle distribution and sales, petrol retailing, home entertainment and consumer products distribution.

Heron Corporation has an unbroken record of successful growth achieved by both acquisition and development. It is part of one of the country's largest privately-owned groups and its entrepreneurial style and strong asset base forms a sound platform for ambitious future expansion.

The Finance Director of Heron Corporation will become an important member of the Group's management team and will work closely with the Group Chairman and other members of the Board of Heron International.

Candidates will ideally be 35-45, have a good educational background and be qualified accountants. They will be able to show a record of personal success in a high-profile financial position in commerce or industry, or at a senior level in professional practice.

Korn Ferry International are advising Heron Corporation on this important appointment and applications, which should include a detailed curriculum vitae, should be sent to:—

S. W. Rowlinson, Director, Korn/Ferry International Limited
Norfolk House, 31 St. James's Square, London SW1Y 4JL

HERON

Finance Director

Expanding UK Oil Company c.£40k

Make a major contribution to the continued expansion of this London based British oil company. Part of a well established and widely diversified group, it has been involved in North Sea exploration for over fourteen years, and has substantial interests in two highly successful producing fields. Additionally, it is involved in several other fields at advanced stages of appraisal, has licences awarded in the UK 5th, 6th, 7th and 8th rounds and is an active participant in the current 9th round applications.

An aggressive philosophy of expansion of its interests in the North Sea and elsewhere is being pursued and, as Finance Director, you will have full responsibility for all financial matters within the company including financial planning, corporate finance, personnel, and tax.

Additionally, you will be responsible for consolidation of accounts for the group's UK and overseas oil interests. You will have the freedom to organise the department procedures to your satisfaction in order to maximise efficiency and to ensure future objectives are achieved.

With at least ten years' relevant experience, you are currently in senior financial management either in an oil company or a professional firm. Fully qualified, you have extensive experience of the North Sea oil industry including joint venture operations and are familiar with the current tax regime.

In complete confidence, please ring or write with CV to John Diack, Director, Cripps, Sears & Associates Ltd, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Telephone 01-404 5701.

Cripps, Sears

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Financial Director

North Derbyshire, c.£22,000 + excellent benefits

This long established progressive, private engineering company through its excellent product reputation, sound management and investment is poised for expansion. Restructuring has created the need to appoint a commercially aware Financial Director to complement its management team. Reporting to the Managing Director, the successful candidate, whilst ensuring continued effective financial management and reporting, will also be expected to make a significant contribution to the company's future development by advising management on the financial implications of business decisions. Applicants must be qualified accountants, aged 35-40 years, with at least 5 years' experience in a manufacturing and engineering environment, displaying excellent communication skills, imagination and ambition. Relocation expenses to this pleasant rural area are available plus executive car and other benefits.

A. Hill, *Ref: 52844/FT.* Male or female candidates should telephone in confidence for a Personal History Form 0742-731241, *Bank House*, 100 Queen Street, SHEFFIELD, *S1 2DW.*

PROJECT ACCOUNTANT

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A young accountant, either from the profession or industry, is sought for this new post by the substantial U.K. subsidiary of a successful and expanding worldwide group.

Reporting to the Finance Manager, the role will take responsibility for the design, specification and implementation of fully integrated financial and management information/reporting systems, using new generation IBM hardware. It will require close liaison with both D.P. and financial management and is seen as crucial to the company's objective of enhancing accountability and control.

The U.K. company, employing over 1,000 people and with a turnover of around £100m, manufactures and sells a diversified range of high-quality household name products. It is in turn part of a U.S. multinational which derives revenues in excess of $3bn from profitable and well-established global operations.

Applicants, with end-user experience of sophisticated D.P. systems gained through working in either the profession or industry, should have the potential for medium-term promotion in the company.

Fringe benefits are those which you would expect from a major employer and include, in appropriate circumstances, relocation costs.

Please telephone or write briefly for a personal history form quoting ref: 4550.

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Telephone 01-242 8103

Financial director

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C&L

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A top priority is the appointment of a Financial Director who will work closely with the Managing Director on business and profit planning as well as taking complete control of the financial, secretarial and administrative functions. Key tasks will be to improve performance monitoring and financial control systems and to strengthen financial disciplines at every level.

Candidates must be qualified accountants with a strong commercial orientation who have already held the financial controllership of a substantial company. Experience at a senior level in a distribution and/or retail company would be an advantage.

Please write, enclosing a C.V. and stating how you meet our client's requirements, to M C Ward, Executive Selection Group, quoting reference R402.

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Accountancy Appointments

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Operating as a link between the autonomous operating companies and the Head Office, the successful applicant will be expected to evaluate the trading performance of individual subsidiaries and initiate improvements in profitability and market share. Other areas of involvement will include business strategy and acquisition studies.

Candidates, in their late 20's or early 30's, should be graduate accountants, possibly with MBA, who can demonstrate an exceptional track record of achievement to date, coupled with a strong personal presence, excellent communicative skills and a high degree of self-motivation.

Relocation facilities are available where appropriate. Interested applicants should write to **Alan Dickinson**, quoting reference **7007**, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. **(Tel: 061-228 0396).**

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A qualified accountant of the highest calibre and hungry for responsibility, this is your chance to prove your potential and to progress to director status at a relatively early stage in your career.

Take total financial control of Sigma Resources plc, a small and aggressive British independent oil group which has extensive exploration and production interests, secure City backing and significant prospects for substantial growth.

Responsible for two assistants, your role will be particularly wide ranging and will include complex financial and management accounting, taxation, treasury and board attendance. Initial priority will be given to further developing financial systems, overseeing the installation of new computer facilities and assisting with plans for corporate development.

You have around five years' broad based post qualification experience, gained from an oil company, which includes direct exposure to computerisation. Ideally familiar with U.S. taxation and accounting systems you are between 25 and 35 and thrive in a results orientated environment.

The remuneration package, and its components, is negotiable and flexible. It includes a highly competitive salary, car, stock options and bonus scheme based on oilwell income. You will also be able to participate in the company's drilling ventures and financial rewards are therefore considerable.

Please telephone or write to Sue Jagger of Cripps, Sears and Associates Limited, (Personnel Management Consultants), 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701.

Cripps, Sears

Financial Controller

Home Counties to £17,500 + car

A major subsidiary of an advanced technology company requires a qualified accountant, who will be responsible to a Divisional Director for financial and administrative management.

Candidates, almost certainly from the industrial sector, must have had experience in project cost control, multi-currency transactions and the development of computer-based management systems. A good communicator, the person appointed will have the drive, strength and personality to establish effective levels of control. Age indicator is 28-45.

In addition to the quoted salary, the normal large company benefits are offered.

Please apply in confidence with full C.V. to Jonathan Townsend at the address below, quoting ref: FCFT07.

Otteridge & Co.
199 Knightsbridge, London S.W.7.

Audit Manager

Our client, a major American corporation with wide-spread international operations, seeks an energetic, highly motivated chartered accountant to manage their well-respected internal audit function. Challenging assignments, upward career mobility, international travel and competitive compensation make this an outstanding opportunity for a chartered accountant, aged around 30, with at least four years' post-qualifying experience in a supervisory audit role with a top professional practice.

Reporting to the Corporate Director of Auditing in New York, the Audit Manager will be responsible for financial and operational audits throughout a range of European companies and subsidiaries with diversified operations. Due to the geographical area involved the person selected must be prepared to spend a significant amount of time visiting their extensive operations.

Fluency in French, excellent communication, interpersonal and management skills and self confidence are also required for success. These qualities will enable you to manage the audit function effectively and have direct interaction with the talented executives on their European management team. Based on prior experience, a Financial Controllership position may be anticipated within a reasonable period of time.

This position, based in the South East of England, offers a competitive remuneration and benefits package, including a company car. While commensurate with experience, the salary is geared to attract the right candidate. Relocation assistance with also be given as appropriate.

Candidates should apply in confidence enclosing a full C.V. and details of current salary quoting reference MCS/6041 to
Alannah Hunt, Executive Selection Division,
Price Waterhouse, Southwark Towers,
32 London Bridge Street, London SE1 9SY.

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Business Needs Experts.

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Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Controller/ Company Secretary

West Midlands, to £16,000 + car

This key appointment represents a superb opportunity for an ambitious, experienced professional to make a major contribution to the management and future development of this established and profitable company, manufacturing a wide range of products for home and export markets. Reporting to the Chief Executive, responsibility will be for the complete control of the financial, accounting and company secretarial functions. Candidates, aged 35-45, must be qualified Accountants with a progressive and successful track record gained within a Manufacturing/Engineering environment, preferably involving costing of long term contracts. Technical expertise, the ability to identify problem areas, knowledge of computer systems, and the skill to communicate effectively at all levels are essential qualities. The career prospects are excellent within this progressive organisation.

J.H. Wright, Ref: 36396/FT. Male or female candidates should telephone in confidence for a Personal History Form 021-622 2961, *Albany House, Hurst Street,* BIRMINGHAM, *B5 4BD.*

FINANCIAL CONTROLLER

required by family-owned group of wholesalers and contractors situated in East London to assume responsibility for all aspects of the accounting function including computerising systems and management accounts.

The position requires a qualified accountant with significant all-round practical experience in commerce including inventory control and preferably company secretarial and associated administrative responsibilities.

There is opportunity for early promotion to the board for a young person with the appropriate experience. A salary in the region of £17,000, a company car and other benefits will be offered dependent upon age, experience and qualifications.

Please write enclosing full curriculum vitae to:
The Company's Accountants
Box A8922, Financial Times
10 Cannon Street, London EC4P 4BY

GUINNESS BREWING

Project Accountant

This UK operating subsidiary of Arthur Guinness & Sons PLC seeks a high quality accountant to join its young management team in West London.

Recently qualified, your background may be industrial or professional but you will be ambitious and eager to share the challenge of managing one of the UK's best known branded products.

The initial job will be twofold – to provide a management accounting service to an important division and to improve financial systems, assisting with the implementation of new management information and control procedures. A number of one-off projects will involve the use and further development of computer models.

There will be extensive opportunities within this company and the Group for applicants with real potential and an attractive salary and benefits package is offered.

Contact David Tod BSc FCA on 01-405 3499 quoting ref: D/60/GF

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Insurance Broking

Accountant **c. £20,000 + car**

Our client is a small, well-established and profitable reinsurance broker based in the City. As a result of growth, an experienced accountant is required to take charge of accounts, finance, investment, budgets and cash flow. The work will initially require the installation of new systems, probably on a computer.

Candidates must have experience of Lloyd's accounting procedures but need not be qualified. Personal qualities will be important to enable the person appointed to fit into a small, cohesive team. There are attractive prospects with this profitable and expanding company.

Please apply to Sir Timothy Hoare, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

Career Plan Limited
Personnel Consultants

BOARD POTENTIAL?

Growing Light Engineering Company, Surrey, needs

MANAGEMENT ACCOUNTANT

This is a new post and you can fit it to your talents. Work includes supervision and control of stock, production and cost records. We have a good financial accountant; you would work with her to produce management information for the board. We need your help to computerise present systems. Preferably qualified ACMA or ACCA. Salary negotiable; active profit-sharing scheme. The right candidate should have the potential to join the board in due course.

Send cv to Box A.8913, Financial Times
10 Cannon Street, London EC4P 4BY

ASSISTANT FINANCIAL CONTROLLER

SALARY c. £15K

Responsible to Financial Controller for administration of financial accounting, supervision of accounting function. Opportunity for commercially minded young Accountant to join flagship hotel of hotel group operating de luxe properties worldwide, career prospects are varied and excellent. Candidates should be qualified Accountants preferably with staff supervision and service industry experience. Please apply to the

Regional Personnel Manager, Hotel Intercontinental, 1 Hamilton Place, London W1Y 0QY.

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Name
Address
FT7.3

Accountancy Appointments

Partnership Accountant

Influencing systems development

£18K+ London W1

Casson Beckman are a prominent Chartered Accountancy practice currently enjoying unprecedented expansion.

This is a newly-created development role within the firm, intended to rationalise internal financial and management accounting systems, and information and control procedures with increasing scope in partnership management.

Creativity tempered by shrewd judgement and considerable commercial or industrial experience will be essential. Well-versed in financial and management accounting including the use of micros and computer bureaux, you'll need sufficient professional stature to impress the company's forceful and entrepreneurial partners in day to day communication. Candidates aged under 35 are therefore unlikely to be suitably experienced.

Salary is negotiable around £18,000 and we provide an attractive benefits package which includes BUPA and company car.

Please write to Colin Wagman, Casson Beckman, Chartered Accountants, 27-29 Queen Anne Street, London W1M 0DA.

REAPLAND ASSOCIATES

Advertising Search & Selection

We are seeking exceptional candidates to fill career progrssive positions with specific clients.

COMPANY ACCOUNTANT

ABINGDON — £14,000 + Car

£12m subsidiary company of international group seeks qualified accountant for overall responsibility of D.P. and Account Departments.

MANAGEMENT ACCOUNTANT

SLOUGH — c. £17,000 + Car

Graduate ACMA required, aged 26-35, for responsible position in £35m t/o American-owned manufacturing company. Thorough understanding of computer systems. Staff responsibilities.

Relocation packages are offered with both positions.

To be considered for these or other positions send curriculum vitae to, or request an applicaton form from:

34 High Street, Ramsbury, Wilts.
Tel: 0672 20459

Group Financial Director

c. £30,000 + bonus + car

A quoted group of companies in the health-care sector, with a turnover approaching £300 million and a solid profit record, requires a Group Financial Director for headquarters to the east of London. He or she will be responsible to the Group Managing Director for providing financial advice and guidance on all aspects of the business – including funding and acquisitions – and for contributing to the formulation and implementation of strategic plans. He or she will monitor financial and management information provided in the subsidiaries and will be responsible for the preparation and presentation of Group accounts. He or she will foster relations with the City and the banks, as well as Group auditors and tax advisors. Candidates, probably aged 38–45, should be FCAs or FCCAs and, ideally, graduates. They should hold Board-level responsibilities in a substantial public company operating in retail, wholesale or manufacture. Leadership qualities and business acumen are no less important than financial and accounting expertise. Salary is negotiable around £30,000 plus car and bonus.

Please send cv, in confidence, to JJ Jennings, Ref: AA34/9207/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

GROUP ACCOUNTANT

Age 28-35 Up to £15,000+Car

AGE 28-35 UP TO £15,000 + CAR

The Group Accountant will report to the Managing Director and will have responsibility for the complete financial function, including:—

- ★ The development and operation of computerised modern accounting system.
- ★ Production of monthl ymanagement accounts and annual accounts.
- ★ Long-term financial forecasting.
- ★ Cash management.
- ★ Corporate Finance.
- ★ Operation and development of budgetary control systems.
- ★ Tax Planning.
- ★ Investigation work in connection with potential acquisitions.

Candidates must be qualified accountants in the age range 28-35, with sound commercial or industrial experience preferably in a small or medium sized company. A knowledge of Export Trade would be an advantage.

MANAGING DIRECTOR, REUBOND LTD., COX HOUSE, COX LANE, CHESSINGTON, SURREY.

Please send a comprehensive career résumé, including salary history and daytime telephone number, to

Finance Director

London Salary to £25,000 + car

Our client is a leading independent educational institution providing courses mainly at honours degree level and operates from autonomous London campuses. A continual period of expansion, based upon an excellent reputation, has led to their high profile in this particular market sector.

They have now identified the requirement for a Finance Director to effectively co-ordinate and control the accounting function and to establish a strong financial management team. Working closely with the Principals, the successful candidate will be responsible for systems appraisal and development, tax planning, management reporting and statutory accounting for the group of companies.

Unlikely to be aged over 40, you will be a graduate Chartered Accountant with a minimum of three years commercial experience. Knowledge of computer systems, particularly micros, is essential. Applicants must be highly professional in their approach with an assertive yet diplomatic attitude and the capacity to contribute to commercial decision-making and corporate strategy. The successful candidate will receive an attractive salary plus car. Equity participation may be available in the future.

Candidates should write to Nick Baker, FCA, Executive Division, enclosing a comprehensive curriculum vitae, quoting reference 222, at 31 Southampton Row, London WC1B 5HY.

MP

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

FINANCIAL DIRECTOR DESIGNATE

London Circa £22,000 + Car + Benefits

Our client is one of the most successful publishing houses, specialising in publications for the major professions, such as Accountancy, Law and Banking.

They now wish to appoint a Financial Director (Designate) who will be wholly responsible for the accounting function and will also work closely with the Managing Director on possible new acquisitions.

Candidates for this appointment will be qualified accountants aged in their late 20s to early 30s who have a successful proven career to date in financial management. A knowledge of the publishing industry (particularly periodicals or subscription publications) is preferable but by no means essential.

Written applications, in confidence, to Robert N Collier or Neil Gillespie at our London address, quoting reference No. 5112.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PE Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management
Recruitment Consultants

NEWLY QUALIFIED ACCOUNTANT

Career in Banking — £14,000

A well respected American Bank wish to appoint an ambitious ACA. Candidates should have qualified through one of the larger firms and should preferably speak French and German. 20% travel in Europe. Excellent career prospects and fringe benefits.

Call Sylvia Horner on 01-236 0642 to discuss

ABACUS RECRUITMENT CONSULTANTS

Head of Management Accounting

c.£23,000 + car + excellent benefits package

This challenging career post is based at the East Grinstead headquarters of Bowater-Scott, the established leaders in the highly competitive disposable tissue products market. Current turnover is around £170 million, and 1985 will see new product introductions and major investment in product quality capitalising further on this success.

Reporting to the Finance Director, you will have prime responsibility within the company for evaluating and analysing performance in every area of the company's activities — including day-to-day operations, special projects and the identification of profit opportunities. You will lead a professional management accounting team working in close conjunction with key operational management groups throughout the company to provide a high-calibre financial monitoring and analytical facility. You will also act as a member of the management executive controlling a key subsidiary.

This highly visible role will expose you to wide-ranging contacts at all levels throughout the company, and success will be measured by your ability to influence and improve the commercial awareness and financial performance of line management.

Ideally aged in your early-mid 30s, you should be a graduate, ACMA or ACA qualified, MBA preferred, with at least seven years' industrial accounting experience, and must possess a very high level of interpersonal and communications skills.

Benefits are those which you would expect and include, if appropriate, assistance with relocation to this very attractive area.

Please write enclosing your detailed cv to Greg Newey, Personnel Manager, Bowater-Scott Corporation Ltd, Bowater-Scott House, East Grinstead, West Sussex RH19 1UR. Tel: 0342 27191.

Bowater ✱ Scott

Financial Controller

SW London/Surrey c£40,000+car

Our client, an established organisation involved in international surveying, mapping and earth resource analysis, now need to appoint a Financial Controller to assume control of their finance function.

Reporting to the Board, you will be responsible for all areas of financial control and records, credit control and developing and enhancing the computerised accounting systems. You will also be required to advise on the financial aspects of overseas contracts and subsequent trade financing.

Candidates should be qualified accountants, ideally aged 30-40, with a proven track record in financial management, reporting and computerised accounting systems. In addition experience of trade financing in overseas countries is important, ideally linked to a contracting environment. You must be able to think and work on your own and be able to instigate suggestions within the financial area and company as a whole. Language ability would also be a definite advantage. This is a challenging position and will not suit those seeking a passive role.

Please apply in confidence with a full C.V. and quoting reference MCS/2001 to Milton Ives, Executive Selection Division, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse
Business Needs Experts.

Are you over 45?

—and maybe a little disillusioned?

The last time we asked these questions we received a veritable flood of replies from highly-experienced, qualified accountants who were tired of company politics and wanted to see the rewards of their own efforts coming back more directly to them. Four of them joined us as a result and are very happy to have done so.

We are a small group of self-employed professionals (just 13 of us) carrying out highly profit-oriented purchase invoice reviews at most of the country's leading retailers, with fees based entirely on recoveries made. It is challenging and rewarding, sometimes frustrating, often fun! Average gross fees earned last year were over £30,000.

We have specific immediate requirements in the Liverpool and Bristol areas and opportunities are likely to arise shortly in other parts of the UK. Please send c.v. in confidence to Peter D. Brown, Globe House, 13 Pudding Lane, Maidstone, Kent ME14 1LW.

RECENTLY QUALIFIED?

What you won't get from us . . .

A list of prestigious client names (who may have given us the odd vacancy over the years), in a vague attempt to fool you into associating us with them. Or a choice of "contact" numbers across the world.

What you most definitely will get . . .

A careful, considered and honest opinion of your career potential. Then in agreement with you (and at your pace) a personal introduction to the type of employer you want to meet.

As your next move is so critical, you have to be highly selective in your approach. On balance which method do you think both you and prospective employers will prefer? The "name and numbers" game or a personal service from one of the longest established and most highly reputed financial recruitment specialists? Contact us for genuine career guidance.

HUDSON SHRIBMAN

The complete financial selection service
College Hill Chambers, 23 College Hill, London EC4R 2RT. Tel: 01 248 7851/8 (24 hours)

Financial Controller

Our client, the UK company of an American group specialising in the development and manufacture of silicon microprocessors, memories and telecommunications products, requires a self-motivated and thoroughly professional Financial Controller.

Applicants must be fully qualified with 5-7 years' financial management experience which includes knowledge of a computerised accounts system and the implementation of efficient credit collection and credit control procedures. They should be good communicators, able to motivate staff, work closely with internal and external auditors and to establish good working relationships with staff of the Company's local and international bankers.

An initial salary circa £16,000 is offered, together with PPP and other excellent benefits. The client's location is within the Greater London area.

Send c.v. in the first instance to Comco Financial and Management Services Ltd., 167/169 Great Portland Street, London W1.

Chief Accountant

c.£22,000 + Car

Terra Nova is an established City-based insurance company with funds exceeding £300m, specialising in worldwide reinsurance.

We are looking for a qualified Accountant to take responsibility for our accounting and statistical functions. He or she should have the ability to guide and motivate a team and to assist with the development of computer-based systems.

Applications are invited from Chartered or Certified Accountants, aged 25–45, who are experienced in insurance/reinsurance and preferably familiar with statistics, taxation and computer systems. However, personal qualities are as important as technical competence.

In addition to a competitive salary and company car we offer a generous benefit package including medical insurance, free lunches and a first-class pension and life assurance scheme.

Applications giving full details of career to date and current remuneration, will be treated in the strictest confidence and should be made initially to: Miss E. M Wilkinson, Personnel Officer, Terra Nova Insurance Co. Ltd., 41–43 Mincing Lane, London EC3.

Terra Nova Insurance Company Limited

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday March 7 1985

WALL STREET

Backing off from further assault

FINANCIAL markets continued to consolidate on Wall Street yesterday with stocks backing off from an assault on the Dow Jones industrial average 1,300 level and activity subdued in the credit markets *writes Michael Morgan in New York.*

Stocks opened slightly lower and remained below the overnight level throughout the first half of the session.

At the close the Dow Jones industrial average was down 11.48 at 1,280.37.

In the credit markets a further easing in the federal funds rate, which opened at 8⅝ per cent and was later down to 8½ per cent, was attributed to bank settlement operations. The decline prompted some expectations that the Federal Reserve might drain reserves through a matched sale-purchase arrangement.

In the absence of a lead from the Fed, however, prices of Treasury coupon issues were little changed from overnight. The price of the key long bond, the 11¼ per cent of 2015, was just ⅟₃₂ lower at 95⅝.

In the money markets yields on Treasury bills were mixed with the three-month bills 5 basis points lower at 8.58 per cent and the six-month bills 2 basis points higher at 8.93 per cent. Rates on certificates of deposit eased.

In the stock markets, Schering Plough was delayed at the start because of an order imbalance but returned to trade down $2⅛ at 38⅝. This followed the downgrading of the stock by First Boston after Hoffmann-La Roche had filed a patent on Schering's "flagship" product, Alpha Interferon. Merck traded up $⅝ to 99⅝.

Unocal gave up some of Tuesday's 2⅝ advance, dipping $⅜ to $47¼. With the takeover threat at Phillips Petroleum now over, Unocal is seen as a possible takeover target by *Texas oilman, Mr T. Boone Pickens.*

Phillips Petroleum reversed recent declines with a $⅛ advance to $49⅝ in heavy trading.

Crown-Zellerbach eased $⅝ to $35⅝ after another large block of stock was crossed at $36¼. Heavy trading has prompted market speculation that Sir James Goldsmith, the UK financier, might have resumed buying the company's stock.

Lower results from Gulf & Western Industries left the diversified group trading down $⅛ at $33¾.

Asarco, the non-ferrous metals and asbestos group, added $1 to $25⅞ as it studied its strategy following the recent acquisition of about 10 per cent of its stock by Weeks Petroleum, controlled by Australian investor Mr Robert Holmes à Court.

General Dynamics dipped another $1⅛ to $78¼ in continued reaction to the Pentagon's decision to withhold some payments pending an investigation into payments for general and administrative costs.

Zapata Corporation, seeking to acquire a large offshore drilling concern or to merge its fleet of 24 drilling rigs into some form of joint venture with another company, eased $⅛ to $14⅛.

The Detroit car makers were mixed in response to figures showing that sales were *only marginally ahead in February.* Ford dipped $⅛ to $45 but General Motors added $⅛ to $79⅝ and Chrysler was unchanged at $33⅛.

Among blue chip issues IBM, introducing two desk top versions of its Series-1 computer, eased $⅛ to $134⅝. General Electric added $⅛ to $63⅞.

The semiconductor sector, which was under pressure on Tuesday, saw Texas Instruments down $1⅞ at $107⅞, Motorola $⅝ at $33 and National Semiconductor $⅛ easier at $11.

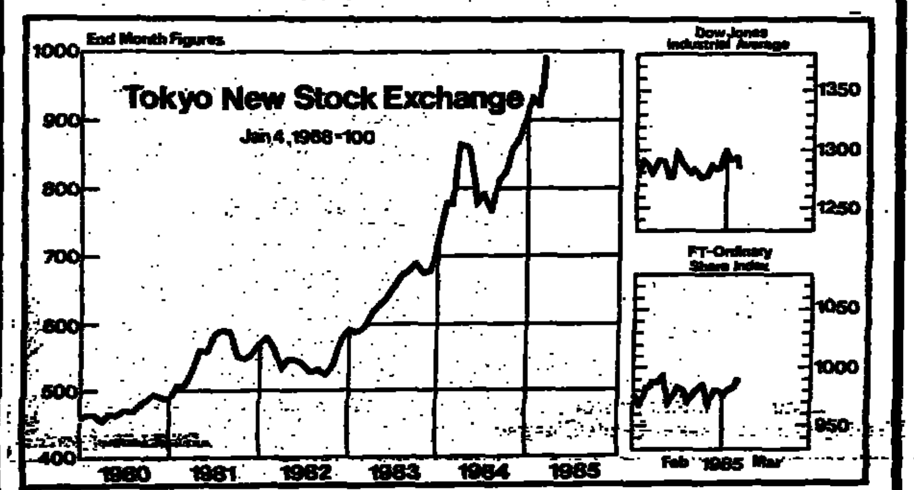
In the aerospace sector *McDonnell Douglas shed $1½ to $81⅞ and Boeing* was $⅝ lower at $65⅛.

American Natural Resources was actively traded, down $⅛ at $61⅞. It is the subject of a hostile takeover bid by Coastal Corporation, which added another $⅞ to $34⅛.

Other active issues on the New York *Stock Exchange included Occidental Petroleum,* up $⅞ at $28⅝, Cigna down $⅛ at $49½ and Texaco $⅛ firmer at $35⅞.

On the American Stock Exchange active issues included Wang Laboratories $½ higher at $25⅞, BAT Industries up $⅟₁₆ at $4⅟₁₆ and Tie Communications $⅛ ahead at $7⅛.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Mar 6	Previous	Year ago
DJ Industrials	1,281.14*	1,291.85	1,152.53
DJ Transport	624.11*	628.43	507.72
DJ Utilities	148.49*	148.18	127.94
S&P Composite	180.88*	182.23	156.25
LONDON			
FT Ord	990.4	982.0	835.4
FT-SE 100	1,285.4	1,274.9	1,064.8
FT-A All-share	619.26	614.79	500.70
FT-A 500	677.83	672.02	538.75
FT Gold mines	467.8	476.2	699.8
FT-A Long gilt	10.86	10.83	10.06
TOKYO			
Nikkei-Dow	12,498.67	12,476.38	10,058.7
Tokyo SE	990.59	986.35	786.01
AUSTRALIA			
All Ord.	797.7	798.0	735.2
Metals & Mins.	481.4	480.2	510.0
AUSTRIA			
Credit Aktien	71.2	71.76	55.38
BELGIUM			
Belgian SE	2,308.23	2,289.66	–
CANADA			
Toronto			
Metals & Minls	2,094.0*	2,104.1	2,254.0
Composite	2,649.4*	2,647.0	2,423.1
Montreal			
Portfolio	132.67*	132.77	118.94
DENMARK			
Copenhagen SE	177.72	176.52	193.37
FRANCE			
CAC Gen	205.6	204.6	162.9
Ind. Tendance	111.1	110.5	86.94
WEST GERMANY			
FAZ-Aktien	417.60	415.37	350.21
Commerzbank	1,201.8	1,195.1	1,027.2
HONG KONG			
Hang Seng	1,383.28	1,367.94	1,091.68
ITALY			
Banca Comm.	272.89	269.51	219.02
NETHERLANDS			
ANP-CBS Gen	206.8	204.8	160.9
ANP-CBS Ind	163.0	161.8	132.3
NORWAY			
Oslo SE	317.10	317.84	254.9
SINGAPORE			
Straits Times	849.72	847.56	1,017.85
SOUTH AFRICA			
Golds	n/a	905.0	1,045.9
Industrials	n/a	846.6	1,025.7
SPAIN			
Madrid SE	112.17	112.73	85.58
SWEDEN			
J & P	1,443.79	1,444.64	1,515.48
SWITZERLAND			
Swiss Bank Ind	428.6	424.5	365.9
WORLD	Mar 5	Prev	Year ago
Capital Int'l	197.6	198.1	184.0

GOLD (per ounce)

	Mar 6	Prev
London	$287.25	$288.00
Zürich	$287.55	$288.25
Paris (fixing)	$286.38	$288.05
Luxembourg	$286.75	$288.75
New York (Apr)	$292.90	$287.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Mar 6	U.S. DOLLAR Previous	STERLING Mar 6	STERLING Previous
$	–	–	1.0725	1.0555
DM	3.38	3.4335	3.665	3.6225
Yen	261.2	261.00	280.25	275.25
FFr	10.335	10.465	11.2525	11.0375
SwFr	2.8975	2.924	3.1225	3.0875
Guilder	3.869	3.8785	4.1475	4.1
Lira	2,112.0	2,131.0	2,294.0	2,245.0
BFr	68.75	68.95	74.15	72.6
C$	1.402	1.396	1.4925	1.479

INTEREST RATES

Euro-currencies (3-month offered rate)	Mar 6	Prev
£	14⅟₁₆	14⅛
SwFr	6⅟₁₆	5⅞
DM	6⅟₁₆	6⅜
FFr	11⅜	11⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¹³⁄₁₆	9⅞
6-month U.S.$	10⁷⁄₁₆	10½
U.S. Fed Funds	8⅟₁₆*	8⁷⁄₁₆
U.S. 3-month CDs	9.10*	9.25
U.S. 3-month T-bills	8.67*	8.68

U.S BONDS

Treasury	Mar 6* Price	Mar 6* Yield	Prev Price	Prev Yield
10 1987	98²²⁄₃₂	10.74	98²⁴⁄₃₂	10.68
11⅝ 1992	99⁹⁄₃₂	11.81	99¹¹⁄₃₂	11.76
11¾ 1995	96¹⁹⁄₃₂	11.92	96²⁷⁄₃₂	11.83
11¼ 2015	94²⁸⁄₃₂	11.89	95¹³⁄₃₂	11.81
Corporate	**Mar 6***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	95	11.65	95	11.65
3⅞ July 1990	74¼	10.30	74¼	10.30
8⅜ May 2000	74⅝	12⅛	74⅝	12⅛
Xerox				
10⅞ March 1993	92¼	12.20	92¼	12.20
Diamond Shamrock				
10⅜ May 1993	91½	12.30	91½	12.30
Federated Dept Stores				
10⅞ May 2013	88.128	12.55	88.128	12.55
Abbot Lab				
11.80 Feb 2013	93.47	12.65	93.47	12.65
Alcoa				
12¼ Dec 2012	94.36	13.00	94.36	13.00

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	68–25	69–17	68–24	69–07
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.32	91.40	91.30	91.34
Certificates of Deposit (IMM) $1m points of 100%				
March	90.57	90.73	90.55	90.65
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.29	90.37	90.27	90.23
20-year Notional Gilt £50,000 32nds of 100%				
March	103–26	103–30	103–19	103–22

COMMODITIES

(London)	Mar 6	Prev
Silver (spot fixing)	532.40p	533.65p
Copper (cash)	£1,283.00	£1,283.00
Coffee (March)	£2,390.00	£2,406.50
Oil (spot Arabian light)	$27.890	$27.90

LONDON

Blue chips attract attention

SELECTIVE investment demand from both domestic and U.S. sources followed another batch of encouraging company trading statements yesterday, and London equities advanced on a broad front.

Business was inhibited early by the weakness of European currencies against the dollar but picked up when it began to ease. The FT Ordinary share index closed 8.4 up at 990.4.

Trading was largely confined to blue-chip issues with the accent generally on those with overseas earnings potential. U.S. interest concentrated on current favourites, such as BAT Industries, ICL and Jaguar, which added 10p at 357p.

BTR gained 21p to 664p following higher annual profits and a proposed bonus share issue.

Among other actives, Christies International put on 22p at 618p and Blue Circle 19p at 528p.

The upturn was maintained through-out official market dealings, but it *faltered slightly after-hours after the statement* by Mr Paul Volcker, the Fed chairman, that substantial cuts in the U.S. budget deficit were needed soon to avert the risk of higher inflation.

Gilts moved in unison with sterling. Some longer-dated stocks were initially ½ down but recovered in moderate trading and regained all their fall in after-hours trade.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40–41

HONG KONG

A LATE round of bargain hunting pushed Hong Kong higher in active trading. The Hang Seng index opened lower but reversed direction by *mid-morning* and finished up 15.34 at 1,383.28.

Properties were active as Cheung Kong and Hongkong Land both rose 10 cents to HK$13.60 and HK$5.00 respectively.

In *shipping* Wheelock Marden slipped 5 cents to HK$7.30 amid news that it had decided to halt financial aid to its troubled Wheelock Maritime International subsidiary, which called for a suspension in its shares which traded steady at HK$1.15 last time.

SHK Properties sold a 20 per cent stake in TV-B for HK$480m. The group settled unchanged at HK$9 after earlier losses while TV-B added 15 cents to HK$6.

Hang Seng Bank advanced 25 cents to HK$46.50 and Hongkong Bank put on 10 cents to finish at HK$8.70.

Hongkong & Kowloon Wharf improved 5 cents to HK$5.65 and Jardine *Matheson jumped 25 cents to HK$9.65.*

China Light shed 10 cents to HK$13.90. Hutchison Whampoa suffered a 10-cent setback to HK$20.20.

CANADA

GAINS in properties, financial services and golds helped Toronto move higher.

Daon Development rose 10 cents to C$4.10, Union Enterprises added C$⅛ to C$11⅞, Dome Petroleum eased 1 cent to C$2.85 and Bell Canada Enterprises was unchanged at C$39⅛.

Active golds included Echo Mines up C$⅛ at C$13⅞ and Campbell Red Lake put on C$⅝ at C$24⅝.

Lac Minerals, with sharply reduced fourth-quarter profit, fell C$⅛ to C$26⅛.

In Montreal industrials and banks recovered while utilities eased.

TOKYO

A rebound toward peak levels

BIOTECHNOLOGY-related issues fluctuated sharply in active trading aimed at capital gains, and medium and low-priced issues attracted buyers in Tokyo yesterday, lifting the Nikkei-Dow average near the record high set on Monday, *writes Shigeo Nishiwaki of Jiji Press.*

Trading was otherwise lacklustre throughout the day, as investors were daunted by recent sharp price rises and the tightening of restrictions on margin transactions.

The Nikkei-Dow improved 22.29 to 12,498.67 after a fall on Tuesday, its first in six sessions. Turnover strengthened to 480m from 397m shares and advances outnumbered declines 426 to 339, with 158 issues unchanged.

Investors were reluctant to participate in the market after news that the buying balance on margin trading on the nation's three major stock exchanges exceeded Y3,000bn at the end of last week.

Biotechnology-related stocks remained in the spotlight, with buying interest focused on lagging issues. Nichirei gained Y17 to Y400 with the day's third largest volume of 15.62m shares, and Kyowa Hakko climbed the maximum Y105 to Y1,030. Daiichi Seiyaku advanced Y190 to Y2,200, Yamanouchi Pharmaceutical Y170 to Y4,060, and Green Cross the maximum Y200 to Y2,950.

Kikkoman shed Y30 to Y770 and Asahi Chemical Industry declined Y8 to Y823.

Some medium and low-priced construction issues attracted heavy buying. Mitsui Construction put on Y30 to Y304, heading the active list with 29.63m shares traded. Tobishima Corp surged Y13 to Y285 on expectations of increased *harbour construction orders from China.*

New materials-related stocks were bought. Unitika was the second busiest with 19.08m shares changing hands on the growth potential of amorphous fibre, rising Y15 to Y232. Riken Corp went up Y98 to Y633 and Nippon Kinzoku rose Y45 to Y840 on good prospects for stronger demand for amorphous powder.

Blue chips remained weak, with Sony slipping Y50 to Y4,830 and Pioneer Electronic Y30 to Y2,970. Nippon Kogaku firmed Y60 to Y1,330, however.

Non-resident investors kept a low profile. Foreign selling orders through big securities companies amounted to 25m shares against buying orders for 19m shares, with small-lot selling concentrated on financial stocks and blue chips.

Bonds opened firm, reflecting the strength on the U.S. bond market, but turned lower on light sales sparked by the easy tone of European currencies against the U.S. dollar.

The yield on the benchmark 7.3 per cent government bond, due in December 1993, went up to 6.950 per cent from 6.920 per cent.

AUSTRIA

Fresh demand consolidates bullish trend

AFTER YEARS of a semi-dormant existence the Austrian stock market has undergone a revival with share values in the first two months of this year rising nearly 30 per cent, thus consolidating the bullish trend of 1984, *writes Patrick Blum in Vienna.*

Growing interest from foreign and domestic investors has pushed prices up although the relatively small size of the market and taxation handicaps may limit the scale of future expansion.

According to the Vienna Börse (stock exchange) index shares had risen to 149.05 last week from 119.58 on December 31. In 1984 they had increased more modestly but steadily from 113.24 at the end of 1983. From its base rate (100) established end of December 1967, the index reached its highest point in April 1973 when it peaked at 154.81.

The Credit Aktien index yesterday slipped 0.56 to 71.2 compared with the all-time high of 74.88 reached on February 28 and the 12-month low of 53.20 hit in August.

The rise in share prices in 1984 was accompanied by an increase of about Sch 550m ($24m) to Sch 11.8bn in the nominal value of listed shares whose total market value reached Sch 28.3bn at the end of the year.

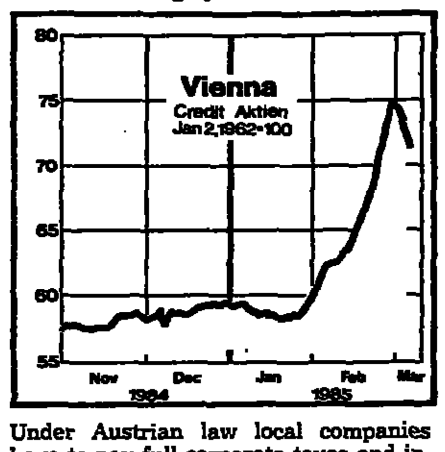
Dr Karl Pale, stock exchange president and director general of the Girozentrale Bank, said the rise in share prices reflected foreign demand for Austrian shares which in turn encouraged domestic investors.

Some officials suggest interest from abroad can be attributed in part to a wider appreciation of Austria's economic and social stability. Buying interest has emanated from the U.S. Scandinavia, the UK and West Germany.

Improved company results and higher dividend payments also encouraged the market. About 33 companies representing about 90 per cent of listed share capital increased their profits almost 18 per cent.

Two new Austrian companies were listed on the stock exchange for the first time in 18 years. Last spring Mautner Markhof, the food manufacturer, came to the market with a Sch 20m share placing. Later in the year Akustische und Kino-Gerate Gesellschaft (AKG), a world leader in acoustic equipment, placed shares with a nominal value of Sch 25m on the market.

Future developments, however, remain hamstrung by the taxation system.



Under Austrian law local companies have to pay full corporate taxes and investors pay tax on interest received from dividends, which in effect means double taxation. This discourages investors and companies alike and it has been one of the prime factors accounting for the Vienna stock exchange's somnolence.

Dr Franz Vranitzky, the Finance Minister, has indicated his desire to improve the system and the ministry is examining various proposals for reform.

Some bankers would prefer investors to be given a tax-free allowance on taxable interest from dividends. Another idea is to cut by half the taxation on the company and on the investor. Bankers hope for changes later this year.

□ The bout of profit-taking that emerged on the Vienna bourse yesterday diluted some of the recently established gains although the main feature of the session proved to be Creditanstalt's results. The 8 per cent rise in pre-tax profits took Austria's largest bank 1 percentage point higher to a new high of 240 per cent of nominal value, its second record level this week.

Interunfall returned to its 12-month peak with a 1 point rise to 510 per cent of nominal value although the laurels for the best gain of the day were snatched by Gösse which surged 15 points to 455 per cent.

AUSTRALIA

Little impact after better results

BETTER-THAN-EXPECTED half-yearly profit reports for a number of companies failed to lift Sydney but the underlying sentiment was still good. The All-Ordinaries index closed down 0.2 at 797.7.

The industrial sector held up well in the face of the weaker Australian dollar.

News Corporation advanced 65 cents to A$13.55 after the announcement of a 11.7 per cent profits increase to A$58.4m and a one-for-one bonus issue.

Woodside Petroleum slipped 1 cent to 80 cents despite a 30 per cent earnings increase for last year. FAI Insurances was also heavily supported rising 50 cents to A$12.30.

Among diversified resource issues BHP closed steady at A$5.68 after trading as high as A$5.74 in the morning session. Bell Resources put on 10 cents to A$5.40 and CSR slipped 1 cent to A$2.81.

Metals and golds were mixed. Placer rose 20 cents to A$24.00, Peko-Wallsend put on 8 cents to A$4.08, Comalco gained 5 cents to A$2.65, CRA advanced 2 cents to A$5.82 and Niugini Mining lost 20 cents to A$9.00.

In oils Bridge fell 2 cents to A$2.20, Bond Corp added 4 cents to A$1.51 and Santos was down 2 cents at A$5.46.

Banks lost ground with ANZ easing 5 cents to A$4.55, National Australia off 1 cent at A$3.55 and Westpac down 3 cents to A$3.45.

SOUTH AFRICA

GOLDS closed near their day's low as a result of a slightly weaker bullion price and the exceptional strength of the rand despite the dollar recovery.

Anglo American fell 40 cents to R22.30 and De Beers was down 85 cents to R9.05 but Rustenburg Platinum finished steady at R15.60.

Buffels shed 50 to R87.50 and FS Geduld plunged R1.50 to R40.

Industrials traded generally lower with losses outnumbering gains.

SINGAPORE

CONTINUED profit-taking left Singapore broadly mixed with the Straits Times industrial index up 2.16 at 849.72.

Many blue chips attracted interest. Sime Darby put on 2 cents to S$2.07, Straits Trading advanced 8 cents to S$4.62 and Tat Lee Bank slipped 2 cents to S$2.88.

Malayan Banking rose 15 cents to S$8.30, OCBC added 5 cents to S$9.60 and Haw Par declined 4 cents to S$2.45. Kentucky Fried Chicken plunged 25 cents to S$5.20.

EUROPE

Resumption of foreign support

THE RE-EMERGENCE of foreign buyers in Europe yesterday was a cue to domestic investors to return to the bourses. The ensuing trading, hectic in some centres, resulted in a number of record highs among the leading bourse indicators.

Internationals were the focus of early attention in heavy Amsterdam buying that took the ANP-CBS General index to a record level of 206.8, a rise of 2 points.

Unilever added a further Fl 2 to Fl 347, another record, after disclosing its North American acquisition intentions and strong trading results. Royal Dutch, which had lingered just below its peak recently, broke new ground with its Fl 1 rise to Fl 205.30.

Fokker slipped from the high established on Tuesday as it lost 70 cents to Fl 100.20, while paper group Buehrmann Tetterode made steady progress with its Fl 1.50 rise to Fl 91.50.

Ahold, which reported a strong profits performance for 1984 after the close of the session, added Fl 2 to Fl 225, a rise of Fl 11.20 so far this week. KLM continued weaker with a 60-cent fall to Fl 60.80.

UK and German buying support for Akzo took the fibres group 50 cents higher to Fl 111.70.

Insurer Nat-Ned moved Fl 2.30 higher, after an early gain of Fl 3.80, to close at Fl 275, while Océ van der Grinten's Fl 2.50 advance to a new high of Fl 308 was ascribed to expectations of improved profits and turnover.

Continued lack of demand pushed bonds down by about 20 basis points in dull trading. A number of key state loans were unchanged with the latest 8 per cent issue pegged at the overnight close of 98.5 per cent.

Frankfurt extended the advance made on Tuesday but finished off its highs. The 6.7-point rise in the Commerzbank index to 1,201.8 was eclipsed by a more dramatic, if smaller, rise in the FAZ index which added 2.23 to an all-time high of 417.60.

The strong demand of foreigners for export-oriented issues such as car makers was tempered by some mild profit-taking later in the session.

Daimler-Benz put on one of the best performances with its DM 15.50 surge to DM 689, another new peak, while Porsche reversed some of the weakness evident on Tuesday by its DM 13.50 rally to DM 1350.50, its second record high this week.

BMW picked up DM 1 to DM 387 while VW secured a DM 2.50 increase to DM 200.50.

Bonds finished moderately weaker with losses of up to 40 basis points although one federal issue, a 6 per cent 15-year loan made in 1978, slumped 150 basis points. It had moved away from general market prices and the Bundesbank was obliged to pick up about DM 30m of that alone to offset sales that included one large order of approximately DM 15m.

The Bundesbank bought a total of DM 66.2m of paper compared with Tuesday's purchases of DM 110.5m.

Brisk trading in Brussels took the Stock Exchange index across the 2,300 threshold for the first time with a 19.57 surge to 2,309.23.

Foreign buyers were evident among the most active shares, which included wire maker Bekaert, BFr 350 higher at BFr 5,800.

Retailer Delhaize was also actively pursued and ended BFr 210 higher at BFr 7,880, a new 12-month high.

Industrial leader Petrofina was one of the few weak spots in the session. It eased BFr 40 to BFr 7,160 and Sofina surrendered BFr 15 to BFr 4,370.

Improved profit results for a number of Swiss groups underpinned active Zurich trading.

Swiss Bank's 17 per cent growth in 1984 earnings was judged by a SwFr 2 rise to SwFr 369 in its share price. Further consideration of Alusuisse's results was translated into a SwFr 15 advance to SwFr 920, just below its high for the year.

Sandoz turned SwFr cheaper at SwFr 8,075, while Swissair eased SwFr 5 to SwFr 1,175.

A firmer Milan witnessed strong gains for Fiat and Olivetti. The former continued to benefit from possible link-ups with overseas car makers and closed L40 higher at L2,839, while the latter reversed the declines incurred earlier this week with a L31 rise to L6,730.

Rinascente, the retailer, picked up L20 to L675 as Centrale slipped L20 to L3,200 after takeover rumours faded.

Concern at the fluctuating pattern of the dollar induced a measure of caution in a firmer Paris.

Among the main movers were Michelin, FFr 58 up at FFr 915, Au Printemps, FFr 8.50 higher at FFr 208.50 and Accor, which advanced by 2.5 per cent, or FFr 7, to FFr 275, a high for the year.

A mixed finish in Stockholm took leading blue chips lower. SKF dropped SKr 4 to SKr 206 after consideration of its 1984 results. Madrid was led lower by the banking sector although Banco Bilbao was unchanged at 337 per cent of nominal value.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21⅞	16¾	Wynns	.80	2.8	8	x76	21⅜	21¼	21¼	+¼

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46¼	33¼	Xerox	3	6.7	18	2576	45⅝	44⅞	45	−½
51⅜	45¼	Xerox pf5.45		11.		524	49½	49⅜	49½	−⅛
30	24	ZaleCp	1.32	4.5	9	45	29¾	29½	29½	
23⅛	19¼	ZaleplA	.80	3.5		1	23⅛	23⅛	23⅛	
24⅞	14½	Zapata	.84	5.6	18	865	15¼	14¾	14⅞	−½
58	30	Zayre	.40b	.7	14	1032	55⅜	54¾	55⅛	−¼
31¼	18⅛	ZenithE			8	898	22⅞	22⅜	22½	−¼
21⅞	14⅜	Zero	s		19	214	21⅜	21	21	−¼
31⅜	21⅛	Zurn	1.32	4.4	11	34	30	29¾	29¾	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Mar. 6	Price Sch%	+ or −
Creditanstalt	240	+1
Goesse	455	+15
Interunfall	510	+1
Laenderbank	234	......
Perlmooser	408	−12
Steyr-Daimler	175	......
Veitscher Mag	368	+3

BELGIUM/LUXEMBOURG

Mar. 6	Price Frs.	+ or −
B.B.L.	1,850	......
Banq. Int. A. Lux	5,900	+50
Bekaert B	5,800	+350
Ciment CBR	2,690	......
Cockerill	287	+3
Delhaize	7,850	+210
EBES	3,015	+15
Electrobel	5,600	+30
Fabrique Nat	2,190	+10
GB Inno BM	3,105	+60
GBL (Brux)	2,205	+15
Gevaert	4,125	−175
Hoboken	5,970	......
Intercom	2,305	+20
Kredietbank	8,120	+20
Pan Hldgs	11,600	+200
Petrofina	7,160	−40
Royale Belge	10,700	......
Soc. Gen. Banq	3,475	+75
Soc. Gen. Belge	2,040	+10
Sofina	7,950	+20
Solvay	4,370	−15
Stanwick Intl.	1,530	+10
Tractionel	4,280	+65
UCB	5,390	+200
Wagon Lits	2,670	−90

DENMARK

Mar. 6	Price Knr %	+ or −
Andelsbanken	297	+2
Baltic Skand	640	+5
CopHandelsbank	292	+2
D. Sukkerfab	550	+5
Danske Bank	263	+4
De Danske Luft	1,260	+120
East Asiatic	163	+5
Forenede Brygg	635	......
Forenede Damp	92	......
GNT Hldg	430	......
I.S.S.B.	404	+10
Jyske Bank	536	......
Novo Ind	1,740	+10
Privatbanken	247	+4
Provinsbanken	310	+3
Smidth (F)	226	+1
Sophus Berend	970	......
Superfos	486	+3

FRANCE

Mar. 6	Price Frs.	+ or −
Emprunt 4½% 1973	1651	+15.5
Emprunt 7% 1973	7,636	−64
Accor	275	+7
Air Liquide	635	+1
BIC	561	−3
Bongrain	1,725	+25
Bouygues	649	......
BSN Gervais	2,408	+8
CIT-Alcatel	1,251	......
Carrefour	1,950	+30
Club Mediter'n	1,205	+24
Cie Bancaire	576	+2
Cofimeg	267	+1
Damart	2,290	+5
Darty	1,250	+1
Dumez S.A.	608	−8
Eaux (Cie Gen)	557	......
Elf-Aquitaine	238.8	−1.7
Essilor	2,930	+30
Gen. Occidentale	769	+6
Imetal	86	+1.5
Lafarge Coppee	422	+2.2
L'Oreal	2,375	+1
Legrand	2,078	+7
Maisons Phenix	205	−4
Matra S.A.	1,686	+16
Michelin B	915	+58
Midi (Cie)	2,235	......
Moet-Hennessy	1,985	+25
Moulinex	113.5	+0.5
Nord Est	78.6	−0.8
Pernod Ricard	725	−1
Perrier	539	+6
Petroles Fra	274.9	+1.9
Peugeot S.A.	278	+1
Printemp.Aus	205.5	+5.5
Radiotech	269	+3
Redoute	1,260	−10
Roussel-Uclaf	1,640	......
Selimeg	321	+0.5
SkisRossignol	1,960	−10
Telemech Elect	2,390	+10
Thomson CSF	504	+3
Valeo	237.8	+3.8

GERMANY

Mar. 6	Price Dm.	+ or −
AEG-Telef	113	−0.6
Allianz Vers	1015xr	−5
BASF	209.9	+0.3
Bayer	216.5	+2.5
Bayer-Hypo	312	−2
Bayer-Verein	329.6	−0.2
BHF-Bank	265.5	+0.5
BMW	387	+1
Brown Boveri	215.5	+2.5
Commerzbank	164.1	+1.1
Cont'l. Gummi	132.3	+1.8
Daimler-Benz	689	+15.5
Degussa	356.5	−1.5
D'sche Babcock	170	+1.5
Deutsche Bank	419	+0.5
Dresdner Bank	190.8	−0.7
GHH	156.5	−2
Hochtief	469.5	+8.5
Hoechst	210	+0.6
Hoesch Werke	108.5	......
Holzmann (P)	400	−5
Horten	172.5	+1.5
Hussel	290.0	......
Karstadt	218.5	......
Kaufhof	216.5	+0.5
KHD	270xr	+2
Kloeckner	78.5	+0.1
Linde	426.5	+6.5
Lufthansa	195	−0.5
MAN	162	−1
Mannesmann	158.9	+0.3
Mercedes Hld	592.5	+14
Metallgesell	243	−1
Munech Rueck	1175	......
Nixdorf	540.2	+0.4
Porsche	1350.5	+13.5
Preussag	260	......
Rhein West Elect	153.5	+0.5
Rosenthal	251	......
Schering	473	+1
Siemens	548.2	−0.3
Thyssen	102	−0.3
Varta	186	......
Veba	169	−0.5
V.E.W.	121.5	−1
Verein-West.	313	......
Volkswagen	200.5	+2.5

ITALY

Mar. 6	Price Lira	+ or −
Banca Com'le	18,200	+150
Bastogi-IRBS	189	+8
Beni Invest Risp	3,543	+23
Centrale	3,200	−20
Credito Varesino	4,110	+10
Fiat	2,839	+40
Finsider	54	+2
Generali Assicur.	39,510	+370
Italcementi	81,910	−90
La Rinascenti	675	+20
Montedison	1,481	+3
Olivetti	6,730	+31
Pirelli Co	4,385	+5
Pirelli Spa	2,189	−1
Snia BPD	2,830	+16
Toro Assic	14,620	+320
do. Pref	10,700	+125

NETHERLANDS

Mar. 6	Price Fls	+ or −
ACF Holding	198	−0.8
AEGON	185	+2.5
Ahold	285	+2
AKZO	111.7	+0.5
ABN	398	+2
AMEV	214.5	+1.3
AMRO	74.5	−0.3
Bredero Cert	152	−3
Bos Kalis Westm.	15.8	−0.3
Buehrmann-Tet	91.5	+1.5
Calland Hldgs	46.5	+0.8
Dordtsche Pet'm	179.6	+1.3
Elsevier-NDU	114.3	+1.8
Fokker	100.2	−0.7
Gist Brocades	187	......
Heineken	159.7	−0.3
Hoogovens	62.8	−0.2
Int Mueller	47.8	+1.8
KLM	60.8	+0.6
Naarden	48.5	−1
Nat Ned Cert	275	+2.3
Ned M d Bank	177	−1.4
Nedlloyd	176.5	−1.9
Oce Grinten	308	+2.5
Ommeren (Van)	27.9	−0.1
Pakhoed	67.6	−0.2
Philips	65.6	−0.1
Robeco	77.5	+0.3
Rodamco	139.7	+0.2
Rolinco	70.8	+0.2
Rorento	44.1	......
Royal Dutch	205.3	+1
Unilever	347	+2
VMF Stork	143.5	−1.5
VNU	204.7	+2.7
West Utr Bank	104.0	+1

NORWAY

Mar. 6	Price Kroner	+ or −
Bergens Bank	169	+2.5
Borregaard	371	+3.5
Christiania Bank	162	−1.5
DenNorske Cred	165	......
Elkem	145.5	−0.5
Kvaerner	175	−2
Norsk Data	409	+9
Norsk Hydro	104	+1
Storebrand	236	+1

SPAIN

Mar. 6	Price Pta%	+ or −
Bco Bilbao	337	......
Bco Central	315	......
Bco Exterior	207	+1
Bco Hispano	161	+1
Bco Popular	378	+3
Bco Santander	335	−10
Dragados	177	−3
Hidrola	84.5	−0.2
Iberduero	95.5	−0.2
Petroleos	160	−2.5
Telefonica	124.2	+0.2

SWEDEN

Mar. 6	Price Kroner	+ or −
AGA	385	+10
Alfa-Laval	191	......
ASEA (Free)	335	+5
Astra (Free)	350	−10
Atlas Copco	109	+1
Cardo (Free)	256	−4
Cellulosa	124	......
Electrolux B	315	+5
Ericsson	293	−6
Esselte	390	......
Mo Och Domsjo	242	......
Pharmacia	216	+1
Saab Scania Free	440	......
Sandvik	400	+13
Skandia	282	+2
Skan Enskil'da	51	......
SKF	206	−4
St Kopparbergs	143	−2
Sven Handlesbn	167	......
Swedish Match	227	−5
Volvo B (Free)	302	+1

SWITZERLAND

Mar. 6	Price Frs.	+ or −
Alusuisse	920	+15
Bank Leu	3,715	......
Brown Boveri	1,775	+35
Ciba Geigy	3,120	+70
do. (Part Certs)	2,415	+15
Credit Suisse	2,410	−5
Elektrowatt	2,710	+15
Fischer (Geo.)	773	+8
Hoff-RochePtCts	87,750	+1500
Hoff-Roche 1/10	8,750	+100
Jacobs Suchard	6,350	+25
Jelmoli	1,980	+10
Landis & Gyr	1,710	+10
Nestle	6,600	+40
Oer-Buehrle	1,500	−5
Pirelli	304	+6
Sandoz (Br)	8,075	−50
Sandoz (PtCts)	1,400	−10
Schindler (PtCts)	820	+50
Sika	1,130	−10
Surveillance	4,345	+75
Swissair	1,175	−5
Swiss Bank	369	+2
Swiss Reinsce	9,600	......
Swiss Volksbk	1,490	......
Union Bank	3,700	+15
Winterthur	3,830	+40
Zurich Ins	20,650	......

AUSTRALIA

Mar. 6	Price Aust $	+ or −
ANZ Group	4.65	−0.05
Alliance Oil Dev	1.07	+0.02
Ampol Pet	1.82	......
Ashton	0.93	+0.01
Aust Cons Ind.	1.94	......
Aust. Guarantee	2.55	−0.05
Aust. Nat. Inds	2.85	−0.03
Aust. Paper	2.54	−0.06
Bell Group	6	......
Bell Res	5.4	+0.1
Bond Corp Hldgs	1.81	+0.04
Boral	3.3	+0.01
Bougainville	1.95	−0.02
Brambles Inds	3.62	−0.08
Bridge Oil	2.2	−0.02
B.H. Prop	5.68	......
CRA	5.82	+0.02
CSR	2.81	−0.01
Castlemaine Tys	4.8	......
Coles (G.J.)	3.82	+0.02
Comalco "A"	2.65	+0.05
Consolidated Pet	0.48	+0.01
Costain Aust	1.6	......
Dunlop Aust	2.35	+0.05
Elders IXL	3.19	+0.04
Energ Res.	1.6	−0.02

AUSTRALIA (continued)

Mar. 6	Price Aust. $	+ or −
Gen Prop Trust	2.2	......
Hardie (James)	3.1	−0.08
Hartogen Energy	2.22	+0.06
Herald W'yTimes	3.95	......
ICI Aust.	1.92	......
Jimberlana F.P.	0.26	......
Kia Ora Gold	0.12	......
Lend Lease	6.08	−0.02
MIM	2.65	−0.01
Mayne Nickless	3.15	−0.05
Myer Emporium	1.78	......
Nat. Aust. Bank	5.55	−0.01
News	13.55	+0.85
Nicholas Kiwi	2.05	−0.05
North Bkn Hill	2.32	+0.02
Oakbridge	0.75	+0.01
Pancont'l	1.34	......
Pioneer Conc	1.6	+0.02
Poseidon	3	......
Queensland Coal	1.44	−0.01
Reckitt & Coln	3.4	......
Repco	1.23	+0.02
Santos	5.46	−0.02
Smith (Howard)	4	......
Thos. Natwide	1.92	−0.03
Tooth	5.9	+0.1
Vamgas	3.45	+0.05
Western Mining	3.64	+0.02
Westpac Bank	3.45	−0.05
Woodside Petrol	0.8	−0.01
Woolworths	3.2	......
Wormald Intl	3.18	+0.01

HONG KONG

Mar. 6	Price H.K.$	+ or −
Bank East Asia	25	+0.1
Cheung Kong	13.6	+0.1
China Light	13.9	−0.1
Evergo	1.45	−0.05
Hang Seng Bank	46.5	+0.25
HK Electric	7.5	......
HK Kowloon Wh.	5.65	+0.05
HK Land	5	+0.1
HK Shanghai Bk	8.7	+0.1
HK Telephone	70.5	+5
Hutchison Wpa	20.2	−0.1
Jardine Math	9.65	+0.25
New World Dev	5.8	......
Orient O'seas	2.42	−0.05
Oseas Trust Bk	2.7	+0.02
SHK Props	9	......
Shell Elect	1.7	−0.05
Swire Pac A	21.4	−0.05
TV—B	6	+0.15
Wheel'k Mard A	7.3	−0.05
Wheel'k M'time	1.15	......
World Int. Hldgs	1.95	+0.05

JAPAN

Mar. 6	Price Yen	+ or −
Ajinomoto	1,120	......
Alps Electric	2,250	−10
Amada	1,230	......
Asahi Chem	625	−8
Asahi Glass	890	−8
Bridgestone	519	+2
Canon	1,490	+20
Casio Comp	1,990	−30
Chugai Pharm	1,180	+50
Citizen	565	......
Daiei	640	−1
Dai Nippon Ptg	1,070	+30
Daiwa House	550	+5
Ebara	376	+7
Eisai	2,250	+220
Fanuc	13,100	−190
Fuji Bank	1,620	−10
Fuji Film	1,910	−20
Fujisawa	1,140	−10
Fujitsu	1,460	......
Green Cross	2,950	+200
Hasegawa	565	+4
Heiwa Real Est	599	−8
Hitachi	874	−4
Hitachi Credit	1,170	−50
Honda	1,510	......
House Food	720	+20
Hoya	2,300	......
Itoh (C)	340	+4
Ito. Yokado	2,450	+10
Iwatsu	1,100	......
JACCS	526	......
JAL	5,150	−80
Jusco	700	......
Kajima	278	+4
Kao Soap	840	......
Kashiyama	600	......
Kirin	585	−2
Kokuyo	895	......
Komatsu	460	......
Konishiroku	688	......
Kubota	320	+1
Kumagai	635	+5
Kyoto Ceramic	6,260	−70
Maeda Const	490	......
Muakino Milling	1,540	−40
Myakita	1,110	−60
Marubeni	307	......
Marudai	560	+10
Marui	967	−6
MEI	1,650	......
M'ta Elec Works	705	−10
M'bishi Bank	1,820	+50
M'bishi	685	+1
M'bishi Elec	388	......
M'bishi Estate	559	−6

JAPAN (continued)

Mar. 6	Price Yen	+ or −
MHI	251	+3
Mitsui Co	336	+9
Mitsui Estate	660	+1
Mitsukoshi	442	+4
NGK Insulators	1,030	+10
Nihon Cement	220	+5
Nippon Denso	1,460	−10
Nippon Elect	1,180	−10
Nippon Express	341	+1
Nippon Gakki	2,190	−30
Nippon Kokan	135	+1
Nippon Oil	815	−9
Nippon Seiko	664	−6
Nippon Shimpan	550	−5
Nippon Steel	150	+1
Nippon Suisan	331	+3
NTV	11,120	−30
Nippon Yusen	244	+3
Nissan Motor	612	+3
Nisshin Flour	475	+3
Nisshin Steel	170	+1
Nomura	1,180	−10
Olympus	1,350	+30
Orient Leasing	3,180	−10
Pioneer	2,970	−33
Renown	626	−3
Ricoh	925	+6
Sankyo	1,360	+30
Sanyo Elect	480	+2
Sapporo	406	−1
Sekisui Prefab	650	+15
Seven-Eleven	8,860	+20
Sharp	1,070	......
Shimadzu	832	−14
Shionogi	751	+11
Shiseido	1,070	+10
Sony	4,630	−5
Stanley	1,000	−10
S'tomo Bank	1,820	+10
S'tomo Elect	924	−4
S'tomo Marine	625	−10
S'tomo Metal	148	+3
Taihei Dengyo	490	......
Taisei Corp	303	+3
Taisho Pharm	1,100	+10
Takeda	871	......
TDK	6,430	+40
Teijin	440	+8
Teikoku	635	−1
Tokyo Marine	826	−2
TBS	785	+5
Tokyo Elect Pwr	1,640	−80
Tokyo Gas	163	......
Tokyo Sanyo	737	−28
Tokyo Style	716	+9
Tokyu Corp	320	+5
Toppan Print	875	−4
Toray	455	−15
Toshiba Elect	418	−1
TOTO	647	−3
Toyo Seikan	865	−14
Toyota Motor	1,340	−10
Victor	2,380	−10
Wacoal	710	+10
Yamaha	801	−17
Yamanouchi	4,060	+170
Yamazaki	628	......
Yasuda Fire	423	+6
Yokogawa Bdge	423	+3

SINGAPORE

Mar. 6	Price $	+ or −
Boustead Hldgs	1.79	−0.01
Cold Storage	2.7	−0.02
DBS	6.30	......
Genting	6.0	+0.1
Haw Par. Bros	2.45	−0.04
Hong Leong Fin	3.24	......
Inchcape Bhd	2.74	+0.04
Keppel Shipyard	1.85	+0.02
Malay Banking	6.3	+0.15
Malay Utd. Ind	2.46	+0.05
Multi Purpose	1.00	......
OCBC	9.6	+0.05
OUB	4.02	+0.02
Public Bank	1.7	+0.01
Sime Darby	2.07	+0.02
Singapore Press	6.35	−0.05
Straits Trdg	4.62	+0.08
Tat Lee Bk	2.86	−0.02
UOB	4.66	+0.04

SOUTH AFRICA

Mar. 6	Price Rand	+ or −
Abercom	1.85	......
AE&CI	6.55	−0.1
Allied Tech	48	......
Anglo Am Coal	45.75	......
Anglo Am Corp	22.3	−0.4
Anglo Am Gold	160	......
Barclays Bank	14.15	+0.5
Barlow Rand	9.65	+0.1
Buffels	67.5	+0.85
CNA Gallo	2.25	......
Currie Finance	3.5	......
De Beers	9.05	−0.1
Driefontein	48	−0.85
FS Geduld	40	−1.5
Gold Fields SA	87.5	+0.25
Highveld Steel	3.75	−0.05
Nedbank	8.9	−0.1
OK Bazaars	12.75	......
Protea Hldgs	1.2	......
Rembrandt	31.25	+0.25
Rust Plat	15.6	......
Safren	12.3	......
Sage Hldgs	6.6	−0.1
SA Brews	6.95	+0.1
Smith (CG)	19.50	......
Tongaat Hulett	5.75	......
Unisec	4.6	−0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

Sales Stock High Low Close Chng

TORONTO
Prices at 2.30pm March 6

[illegible]

Total sales 7,954,929 shares

MONTREAL
Closing prices March 5

[illegible]

OVER-THE-COUNTER
Nasdaq national market, 2.30pm prices

Stock Sales (Hnds) High Low Last Chng

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES		
A. C. Cars	55	+11
BTR	664	+21
Beecham	365	+14
Blue Circle	528	+19
Bowater	262	+17
British Telecom	128	+4
Christies Int'l.	618	+22
Dunlop	51	+6
ERIC	235	+15
Enterprise Oil	198	+8
Group Lotus	106	+8
Habitat M'care	324	+12
Heywood Will.	139	+9
Jaguar	357	+10
Land Sec.	302	+8
Northern Foods	232	+10
P&O Defd.	365	+17
Reed Int'l.	562	+16
Royal Bnk Scot.	260	+6
Runciman (W.)	94	+8
Shell Trnspt.	795	+12
Thorn EMI	455	+6
UEI	196	+14
FALLS		
Burnett & Hall.	50	−10
Centreway Inds.	12	−4
Ladbroke	247	−10
Lex Service	199	−26
Midland Bnk.	345	−15
Turriff	275	−25

Continued on Page 46

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 37

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Encouraging trading statements arouse selective demand for blue chip equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1
Mar 25	Apr 11	Apr 12	Apr 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

Selective investment demand from both domestic and U.S. sources followed another batch of encouraging company trading statements yesterday and London equities advanced across a broad front. The session began slowly with business inhibited by the early weakness of European currencies against the dollar, but stock market interest picked up around mid-morning when the dollar began to ease.

Trade was largely confined to blue chip issues with the accent generally on those with overseas earnings potential. Many achieved gains out of proportion with the volume of business because of stock shortages. U.S. investors tended to concentrate on current favourites such as **BAT Industries, ICI** and **Jaguar**, while **Beecham** raced higher supported by talk that a broker had upgraded its profits forecast for the group. **BTR** were also outstanding following higher annual profits and a proposed bonus share issue.

The upturn was maintained throughout official market dealings but it faltered slightly after-hours on the U.S. Federal Reserve Board chairman's statement that substantial cuts in the Budget deficit were needed soon to avert the risk of higher inflation. Although the dollar weakened late, leading shares moved away from the highest and the FT Ordinary share index closed 8.4 up at 990.4, after 993.3.

Gilt-edged securities moved in unison with sterling. Some longer-dated stocks were initially ¼ down but they recovered in a moderate trade and finally regained all of the fall during the after-hours' trade.

Midland easier

Midland Bank reported sharply lower annual profits but the 40 per cent reduction to £135m proved to be much better-than-expected—brokers estimates had ranged between £80m and £100m—and the shares immediately rose to 370p. They later retreated on profit-taking, however, and touched 340p before closing 15 down on balance at 345p. **Barclays** came back to 583p on continuing fears that the bank will announce a fund-raising proposal with today's preliminary figures but rallied to close only 3 lower at 590p. **NatWest** gave up 13 to 640p following after-the-event profit-taking, while **Lloyds**, which concludes the dividend season tomorrow, cheapened 10 to 583p. Elsewhere, **Royal Bank of Scotland** continued to reflect the success of the rights issue with a gain of 6 to 260p; the rise was also accompanied by vague rumours of a stake build-up. **Provident Financial** rose 7 to 213p on further consideration of the preliminary results.

The 94 per cent fall in **General Accident's** preliminary profits to a meagre £3.9m surprisingly made scant impression and the shares rallied from an initial dull level of 526p to close only 3 cheaper at 535p. **Commercial Union** edged forward 2 to 179p as the market nervously awaited today's annual results; forecasts range to a deficit of around £70m. Among firm Life issues, **Equity and Law** advanced 8 more to 243p, helped by reports that an unnamed concern had recently acquired a near-5 per cent stake in the company.

Leading Building issues continued to trade firmly and usually closed at the day's best. There was a late flurry of interest in cement shares on unconfirmed reports that cement prices are to be increased by 4½ per cent from June 1; **Blue Circle** closed 19 higher at 528p and **Rugby Portland Cement** finished 4 up at 135p. Elsewhere, comment in the Financial Times highlighting the group's overseas expansion plans lifted **Tarmac** 14 to 496p. Trading statements prompted several noteworthy movements among secondary issues. **Gallliford** added a couple of pence to 70p following satisfactory half-year figures, while **Heywood Williams** put on 9 to 139p, after 141p, on the better-than-expected annual results. **Cement Roadstone** settled a penny cheaper at 67p, after 69p, following the preliminary figures and placing of 15.6m shares at 64p as part of the funding for its recent acquisition of Callanan Industries. **Robert McAlpine**, helped by buying for the dividend, rose 8 to 256p, while **Countryside** improved 4 to 214p following the chairman's mildly encouraging statement at the annual meeting. **Brownlee** gained 5 to 71p in belated response to Press comment. In complete contrast, **Turriff** weakened 25 for a two-day fall of 70 to 275p, after 260p, in the wake of the board's warning of sharply reduced profits. **Burnett and Hallamshire** came under further selling pressure and fell 10 to 50p; the price has plummetted from 135p since last week's announcement that the company is in talks with its bankers about reducing debts.

ICI fluctuated narrowly before drifting off on currency influences to close 4 cheaper on balance at 844p. Among other Chemicals, **Laporte** rose 8 to 408p.

Habitat rally

Leading Retailers responded to steady support and generally closed a few pence firmer. **Burton** rose 8 more to 449p, while **Woolworth** hardened a similar amount to 582p, and **Sears** rose 2 to 84p. **Habitat Mothercare**, dull recently following bearish reports concerning its American interests, attracted "cheap" buying and touched 328p before settling a net 12 to the good at 324p.

Technical influences concerning the impending registration of the shares took **British Telecom** up 4 more for a gain on the week so far of 10 to 128p. Among other electrical leaders, **Thorn EMI** put on 6 to 455p in response to news of a subsidiary's £18m contract to supply the Army with thermal imager repair facilities. **Racal** also added 6 at 216p. Elsewhere, dealings in **Acorn Computer** were resumed after the rescue by Olivetti and successful underwriting of the £12.1m rights issue; the old shares opened at 30p, compared with the suspended level of 28p, and jumped to 37p before reacting on profit-taking to close at 29p; the new nil-paid shares opened at 22p premium, touched 30p and closed at 17p premium. **UEI** reflected buying in a market none-too-well supplied with stock and finished 14 better at 196p, after 200p.

Leading Engineers passed a relatively quiet session, although **GKN** were briskly traded and rose to 220p before settling only a penny higher at 216p; the preliminary figures are due to be announced next Wednesday. Elsewhere, renewed buying lifted **Delta** 6 to 130p, while late support in a difficult market left **Vosper** 19 to the good at 206p. Other bright spots included **Burgess Products**, 8 higher at 136p, and **B. Elliott**, 2½ dearer at 70p. **Birmid-Qualcast**, however, met with profit-taking after the recent speculative flurry and came back 4½ to 86½p.

Among Foods, **Ranks Hovis McDougall** firmed 3 to 136p on talks of a broker's upgraded profits estimate. **Northern Foods** gained 10 to 232p helped by suggestions of improved U.S. trading, while **Unigate** picked up 4 to 148p. **Cadbury Schweppes** hardened a couple of pence to 170p awaiting today's annual results.

Grand Metropolitan, a weak counter on Tuesday following the chairman's profits warning, traded on a steadier note and settled a penny dearer at 278p, after 280p. On the other hand, **Ladbroke** came under selling pressure and shed 10 to 247p on worries about the possible effects of litigation on the development of the group's gaming interests in the U.S.

BTR below best

BTR responded smartly to the good preliminary figures and proposed one-for-one scrip issue, advancing to 672p before settling below the best with a rise of 21 on balance at 664p. Elsewhere in the miscellaneous industrial leaders, **Beecham** featured a rise of 14 to 365p, after 373p, following a broker's upgraded profits forecast for the group. Persistent demand lifted **Bowater** 17 to 262p and **Reed International** 16 to 562p. **De La Rue** were also noteworthy for a gain of 20 to 830p. Demand continued for **Christies International**, up 22 further to 618p, whsile **F. H. Tomkins** were well supported at 179p, up 15. Reports that the company is set to participate in a $160m contract to supply three satellites to Inmarsat, the international satellite organisation, enlivened interest in **British Aerospace**, which improved 8 to 383p. Speculative demand persisted for **Evered**, 5 higher at 180p. In contrast, **Burndene Investments** eased 3 to 21½p on disappointment with the interim figures, while **Centreway Industries** fell 4 to 12p and **Centreway Trust** 5 to 70p on news that Servis Domestic Appliances, a subsidiary of the Centreway Group of companies, had called in receivers because of severe financial problems.

Motors remained buoyant as persistent demand often exacerbated stock shortage. **Jaguar** advanced 10 more to 357p, having earlier equalled the all-time peak of 359p, while former parent **BL** closed 5 deader at 45p. **Group Lotus** were again lively amid continued speculation of a closer association with Chrysler and advanced 8 further to 106p. Speculative support was also evident for **AC Cars**, 11 higher for a three-day leap of 20 at 55p. Elsewhere, **Dunlop** closed well above the contested BTR offer at 51p, up 6, after 52½, following provisional agreement for the disposal of its American tyre operation to a group of local investors, including the present management. Distributors highlighted **Lex Service** which slumped 26 to 199p as the satisfactory preliminary profits were counteracted by the company's confirmation of recent bearish reports regarding its electronics activities.

Among Paper/Printings, **Bunzl** improved 17 to 467p following news of the major reorganisation of its merchanting division.

Buyers continued to show interest in selected Property issues. **Land Securities** were prominent, at 302p, up 8, while **MEPC** firmed 4 more to 307p.

Shippings went better under the lead of **P & O** which rallied 17 to 365p. **Ocean Transport** hardened 4 more to 159p, while recent speculative favourite **Walter Runciman** advanced 8 for a two-day gain of 14 at 94p.

Shell at 1984/85 high

Leading oil stocks posted good gains for the third successive day. **BP** and **Shell** again led the sector higher following a mixture of sustained local and American buying interest. The former moved up 5 more to 548p in front of the preliminary results which are expected around 1.45 pm today; market estimates of net income for the year range from £1.35bn to £1.49bn. Shell advanced a further 12 to a 1984-85 high of 795p and **Royal Dutch** hardened ½ to £50½. Other notable performers in the sector included **Enterprise Oil** and **IC Gas**, up 8 apiece at 198p and 318p respectively.

Eric attracted fresh support and jumped 15 more to a year's best of 235p ahead of the figures due today, while the recent upsurge in **Invent Energy** took the shares up 30 more to 900p, after a record 910p.

Golds down again

The volatile nature of major currencies continued to make trading conditons in overseas-registered mining issues exceedingly difficult. Activity in South African golds again contracted to minimal levels, with traders reacting more to the performance of the dollar than to actual share transactions. Bullion moved erratically and tended to lose ground during the morning before staging a smart recovery in the late afternoon following the statement by the chairman of the Federal Reserve Board.

As low as $286.70 at the morning fixing the metal price subsequently touched $288.75 prior to closing a net 75 cents down on balance at $287.25.

Golds drifted easier in the morning, depressed by the low level of activity, but recovered modestly later in the day to close with widespread, although generally minor falls on balance. The Gold Mines index gave up 8.4 more to 467.8.

Talk of a "sell" recommendation by a leading South African broker depressed the Orange Free State mines in the Anglo American group. **President Steyn** dropped £1⅜ to £21¾. **President Brand** £1¼ to £19¾ and **Free State Geduld** ⅞ to £18¾. **Welkom** slipped back to close 33 off at 609p and **Western Holdings** lost ¼ to £24¾.

Beatrix Mines remained thoroughly depressed and slumped 13 more to 20p premium compared with the 68p premium at which initial dealings in the shares took place on Monday morning.

Elsewhere, London dealings in **Admiral Mines** were suspended around 16p following overnight suspension on the Vancouver Stock Exchange; on Tuesday, Admiral's shares more than doubled to the 16p mark in London trading.

Lacklustre conditions again prevailed in Traded Options. Total contracts done amounted to only 6,528—well below the leevls estimated earlier this year. Once again the FT-SE 100 attracted a lively business with 799 calls and 505 puts transacted. Jaguar positions again reflected the current strength of the underlying share price with 585 calls struck. British Telecom recorded 682 calls, 335 in the May 130s.

FINANCIAL TIMES STOCK INDICES

	Mar. 6	Mar. 5	Mar. 4	Mar. 1	Feb. 28	Feb. 27	year ago
Government Secs....	80.08	80.15	80.19	80.17	80.56	80.22	83.35
Fixed Interest........	83.49	83.53	83.56	83.69	83.75	83.71	86.97
Ordinary	990.4	982.0	979.9	976.0	979.9	980.2	835.4
Gold Mines............	467.8	476.2	477.8	476.5	465.5	468.1	699.8
Ord. Div. Yield.......	4.45	†4.49	†4.50	†4.52	4.48	4.44	4.41
Earnings, Yld.% (full)	11.00	11.27	11.30	11.36	11.12	11.11	9.46
P/E Ratio (net) (*).....	11.10	10.62	10.59	10.54	10.80	10.81	12.78
Total bargains (Est.)	24,568	25,006	24,692	25,534	25,013	24,601	20,217
Equity turnover £m.	—	385.54	464.05	372.23	360.25	455.85	268.65
Equity bargains.......	—	21,975	24,052	19,695	19,610	20,879	19,962
Shares traded (ml)...	—	181.5	211.3	176.0	186.1	225.6	156.3

10 am 984.2. 1 am 988.1. Noon 990.1. 1 pm 993.3.

2 pm 992.9. 3 pm 992.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.74.

† Corrected.

HIGHS AND LOWS

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (8/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary....	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 5	Mar. 4
Daily		
Gilt Edged Bargains....	149.1	160.0
Equities Bargains....	142.3	156.8
Equities Value	779.3	917.7
5day Average		
Gilt Edged Bargains....	159.7	162.1
Equities Bargains....	137.5	135.8
Equities Value........	819.0	791.2

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (157)

BRITISH FUNDS (2)
AMERICANS (28)
CANADIANS (4)
BANKS (2)
BREWERS (1)
BUILDINGS (3)
CHEMICALS (3)
STORES (3)
ELECTRICALS (4)
ENGINEERING (8)
FOODS (4)
INDUSTRIALS (20)
INSURANCE (9)
LEISURE (2)
MOTORS (4)
NEWSPAPERS (2)
PAPER (3)
PROPERTY (4)
SHIPPING (1)
SHOES (1)
TEXTILES (3)
TRUSTS (36)
OILS (5)
OVERSEAS TRADERS (1)
PLANTATIONS (2)
MINES (2)

NEW LOWS (22)

BUILDINGS (2)
Burnett Hallamshire, Travis & Arnold
STORES (1)
Peters Stores
ELECTRICALS (3)
Air Call, HB Electronic Comps., Checkpoint Europe
ENGINEERING (2)
Belgrave Hldgs., Farmer (S. W.)
FOODS (2)
Slaters Food, Sutherland (E. T.)
INDUSTRIALS (2)
Centreway Ind., Midland Marts
MOTORS (1)
Lex Service
TEXTILES (1)
Kingsley Forester
TRUSTS (2)
Centreway Trust, Yelverton Invs.
OILS (1)
Woodside Petroleum
MINES (5)
Allstate Explrtn., United Goldfields, Australis Mining, Centennial Minerals, Gem Explrtn. Mins.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	69	33
Corpns. Dom. and Foreign Bonds ...	8	6	58
Industrials	344	223	874
Fin. and Props. ...	171	58	318
Oils	31	20	72
Plantations	5	4	8
Mines	22	65	91
Others	106	44	66
Totals	691	489	1,520

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on prervious year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▆ Allotment letters or fully paid. ‖‖ Introduction. ✻ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant. ● With Warrants attached. ‡‡ Units comprising one New Ord., four New Pref. and one Warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8
Apr 1	Apr 19	July 11	July 22

For rate indications see end of Share Information Service

Stocks favoured for the call included Stock Conversion, W. H. Smith A, Falcon Resources, Combined Technologies, CPU Computers, Brunswick, NSS Newsagents, Pentland Industries, Evered, Acorn Computer, Midland Bank, Birmid Qualcast, Atlantic Resources, Applied Computer Techniques, C. H. Bailey, House of Fraser, Aitken Hume, Selincourt, Britannia Arrow, Kean and Scott, British Telecom, Sangers and Davy. *Puts were done in* Aitken Hume, Logica, UBM and Dunlop. No doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computer	28xr	—
BTR	664	+21
Beecham	365	+14
Bowater Inds	262	+17
Christies International	618	+22
General Accident	535	− 3
GKN	216	+ 1
Lex Service	199	−26
Midland Bank	345	−15
Minet Holdings	273	—
Reed International ...	562	+16
Tomkins (F. H.)	179	+15

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Hewley Group	20	113	+ 9
British Telecom	17	124	+ 4
ICI	17	848	+ 4
Aitken Hume...	16	170	−12
Cable & Wire	16	515	—
BAT Inds	15	370	+ 5
Midland Bank	15	360	+10
Pauls	15	380	+25
Unilever	15	£12½	+ 1
Birmid Qlcast.	14	91	+ 3½
BP	13	543	+13
Hillsdown ...	13	160	+ 5
Jaguar	13	347	+ 8
NatWest Bank	13	853	+10

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed March 6 1985 — Tues March 5 — Mon March 4 — Fri March 1 — Thur Feb 28 — Year ago (approx.)

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 37,436

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*548)	420	132	—	—	2	—	—
	460	92	95	100	2	9	14
	500	52	60	68	10	18	27
	550	22	38	48	37	43	50
	600	9	22	30	80	85	98

[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*188)	160	35	39	—	2	3	—
	180	19	25	26	5	9	10
	200	11½	16	19	16	22	27
	220	5	10	14	35	39	43
LASMO (*350)	300	58	65	—	4	7	—
	330	40	43	53	13	28	25
	360	27	33	38	30	35	40
	390	11	20	25	53	60	65

[illegible]

Mar. 6. Total contracts 6,528 Calls 5,072. Puts 1,456

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97	93	Treas 3pc 1985	97	+	3.07	14.00
102¾	99	Treas 11½pc 1985	99	–	11.59	13.80
99¾	96	Treas 8¾pcCnv '85	97	–	8.95	13.39
104	99	Exch. 12¼pc 1985	99	......	12.32	12.96
103	97	Exch. 11¼pc '86	99	......	11.85	12.65
102	96	Treas. 10pcCnv 1986	97	......	10.28	12.78
94	88¼	Treas 3pc 1986	94	......	3.19	8.35
102	96	Exch. 10½pc Cv '86	97½	–	10.76	12.66
104	99	Treas 12pc 1986	99	–	12.08	12.48
98¼	93½	Treas 8½pc 1984-86‡‡	95	–	8.87	11.89
108	102	Exch. 14pc 1986	102	–	13.67	12.26
89¼	85	Exch. 2½pc 1986	89	–	2.80	9.44
107	100	Exch. 13¼pc 1987	101	......	13.00	12.03
100¾	94½	Treas 10¼pcCv '87	97	–	10.55	11.90
87¾	83	Exch 2½pc 1987	87½	–	2.86	9.61
101	94½	Exch. 10½pc 1987	97	–	10.78	12.00
92¼	87	Funding 6½pc '85-87‡‡	91	–	7.14	11.32
99¾	92	Treas. 10pc 1987	96	–	10.42	12.04
86¼	81	Treas 3pc 1987	86½	......	3.47	9.60
105	97	Treas. 12pc 1987	100	–	12.00	11.97
94	87	Treas 7¾pc 1985-88‡‡	92	–	8.42	11.04
100¾	92	Exch 10½pc '88	96	–	10.92	11.97
98	89	Treas 9½pc Cv '88	94	–	10.36	11.95
83½	77	Transport 3pc '78-88	83	–	3.61	9.04
96	88	Treas. 9½pc '88	92	......	10.24	11.98
106¼	94	Treas 11½pc 1989	98	......	11.64	11.88
96	87	Treas 9½pc Cnv. '89	92	......	10.31	11.95
99¾	90	Treas 10½pc 1989	95	......	11.03	11.95
100	88	Exch.10pc 1989	93	......	10.73	12.04
101	94	Exch 11pc 1989	96	......	11.36	11.92
85¼	77½	Treas 5pc 1986-89	81	–	6.14	10.15
114¼	100	Treas 13pc 1990‡‡	104	......	12.43	11.71
20	19	Exch 11pc '90 (£20pd)	19	–	11.30	11.73

Five to Fifteen Years

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110¾	100	Exch. 12½pc 1990	102	–	12.19	11.83
94	84	Treas 8¼pc 1987-90‡‡	90	–	9.26	11.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	47	.....				
64	28	Mallinson Hldgs 10p	34	.....	2.5	3.2	7.6	4.6
330	157	Man. Ship Can. £1	292xd	.....	—	—	—	—
104	65	Marley	83	+1	5.5	3.5	2.7	15.3
75	40	Marling Ind. 10p	72	-3	3.75	q2.2	6.6	9.1
46	29	Marshall L'ay. 'A'	38	.....	†t3.0	5.6	2.6	8.4
77	37	Marshall's Universal	74	.....	†1.2	3.6	4.5	(6.8)
89	77	Do. 7½pcCnRedPf £1	80	.....	H1.75	—	3.4	22.3
30	20	Martin-Black	22¼	.....	7½%	—	13.4	—
£108	£81	Mathesons 7¾%	£94	.....	—	—	—	—
432	287	Metal Box £1	425	-2	Q7¾%	2.3	(8.4)	—
220	129	Metal Closures	170	+3	†15.0	3.2	5.2	6.7
27	9	Metal Sciences 2½p	16	+2	6.3	2.3	5.3	(9.4)
133	73	Midland Marts	73	.....	—	—	—	—
84½	45	Mitchell Cotts	79	-5	4.0	1.8	7.8	9.2
196	132	Morgan Crucible	194	-1	4.0	1.5	7.2	11.2
*36	22	Morris (W) F.A. 20p	26½	+1	†7.5	1.2	5.5	(19.8)
110	80	Moss (Robt.) 10p	101	+2	bg0.5	4.0	2.7	25.2
330	197	NMW Computers	267	.....	†12.5	2.3	3.5	14.6
65	35	Nash Inds.	35	.....	6.0	3.0	3.2	14.9
48	30	Neil & Spencer 10p	42	.....	2.5	1.5	10.2	8.1
33	13	Newman Industries	26	-2	—	—	—	♦
31	16½	Do. 10pc Cn.Cm.Pf.	27	.....	—	—	—	(24.6)
67	39	Nolton	53	.....	10%	—	5.3	—
183	132	Norcros	160	.....	g1.1	4.5	3.0	8.9
86	53	Nu-Swift 5p	56	.....	†7.5	2.4	6.7	8.4
100	50	Oakwood Grp.	93	.....	†2.4	3.2	6.1	7.3
190	135	Office & Elect.	150	.....	4.5	♦	6.9	♦
108	92	Oldacre 20p	95	.....	7.5	4.2	7.1	6.9
875	625	Oriflame Intl SA	850	+15	u4.0	2.6	6.0	8.4
46	15	Ovenstone 12½c	16	.....	46.81	♦	8.1	♦
£173	£120	Ozalid 9pc Cm 87-92	£172	+4	†Q4.5c	2.2	‡	3.7
190	105	PCT Grp 10p	105	.....	Q9%	—	85.3	—
£14	975	PLM 'B' Sk 25	£13½	.....	g9.8	2.9	6.4	6.4
193	149	PSM Intl.	179	.....	Q21.6%	♦	4.1	♦
62	40	Pacific Sales 10p	50	.....	bg5.25	2.6	8.2	13.1
207	148	Parker Knoll 'A'	174	.....	†12.4	2.2	6.9	(7.6)
375	197	Pauls	360	.....	9.0	2.8	7.4	6.8
695	409	Pearson	640	.....	‡F13.0	2.5	5.2	15.8
35	18	Peek Holdings	21	.....	†14.0	3.0	3.1	12.7
107	88	Peerless	88	.....	—	—	—	—
488	55	Pentland 10p	470	-8	6.3	1.4	10.2	8.9
36½	17	Pentos 10p	36	.....	†11.74	4.1	0.5	49.9
63	27	Phillips Patents	48	.....	8	—	—	63.8
£106	545	Photo-Me 50p	£10¼	.....	1.25	—	3.7	—
*350	213	Pilkington Br. £1	302	+7	9.45	6.6	1.3	14.3
£315	£131	Plessey-Bowes Cnv. Ln.	£295	.....	‡12.5	2.9	5.9	6.6

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS—3-month call rates

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

FT CROSSWORD PUZZLE No 5,662

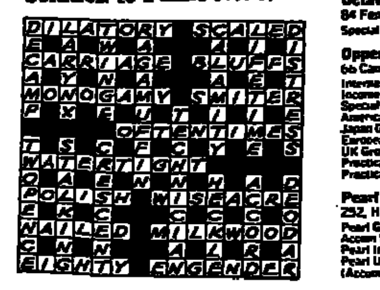
ACROSS

1 Insincere talk about place in the East (6)
4 Weapon with contrary bend (8)
9 Acid account includes etc. one variety (6)
10 County worn out in short visit (8)
12 Gifted journalist follows story on conservationists (8)
13 Posed in a way to take in upper class? Not genuine (6)
15 Used when watering flower (4)
16 Seen in middle of table—green pea nearly squashed (7)
20 Fit for a child? (7)
21 Info with English DNA unit (4)
25 Fairly beautiful (6)
26 Penitent lag (hackneyed) (8)
28 Two cricket terms? (Goes on too long) (8)
29 One soon learns if quick on it (6)
30 Doctor, we hear, follows everyone in by sensational advertising (8)
31 Day's end for a colleague (6)

DOWN

1 Assemblies making up book (8)
2 Sewers society considers unnecessary? (8)
3 Side to rein after reorganisation (6)
5 What's under tops of radishes, onions or turnips? (4)
6 Double celebration in can? (4, 4)
7 Keep going when animal's rising (4, 2)
8 Bat close to the water? (6)
11 Postponement about grudge (7)
14 Incorrectly count or end in the soup! (7)
17 Learner in control — like a teacher? (8)
18 Acid coming up in some measure to doctor (8)
19 Clergyman always in split (8)
22 Mob? Pal exercises coolness (6)
23 Regarding bells as dissolution of Union (6)
24 Wonder if it's a result of drink? (6)
27 Release gun-dog without extremes (4)

Solution to Puzzle No. 5,661



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Nom	CAR	Int. Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	14.23	14.85	6-mth	Call
7-day Fnd	14.09	14.71	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.93	14.41	6-mth	Call
7-day Fund	13.99	14.47	6-mth	7-day
Money Mngt. Accs.	13.62	14.35	3-mth	Call
Dollar	6.87	6.98	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.75	14.48	Qtr	Call
Mth. Int. Chq.	13.50	14.37	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	13 40	14.25	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	13.50	14.19	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	13.25	14.09	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.25	14.005	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.115	Mth	Call
Swiss francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	12.00	12.55	Qtr	Call
Over £1,000	14.00	14.75	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt.Acc.	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	13.25	14.09	Mth	Call
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	13.25	13.68	Rate	14-day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc	13.25	14.10	Daily	Call
Midland Bank plc PO Box 2, Sheffield 0742 20999 Ext 8738				
High Int Chq	13.38	14.08	Qtr	Call
Provincial Trust (formerly Charltons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High. Int. Bk. Acc.	13.10	14.00	Daily	Call
Premier Acc.	13.10	14.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.86	14.59	Qtr	Call
Money Acc	13.50	14.20	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	13.40	14.25	Mth	Call
Over £10,000	13.65	14.54	Mth	Call

Notes: CAR=compounded annual rate. Int Cr=frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Cargo ruling threatens U.S. grain exports

BY JOHN BUCKLEY

A SURPRISE ruling by the U.S. Settlements Court has halted the U.S. blended credit programme under which the Government subsidises interest rates to win grain export deals through cheap credit, say U.S. trade officials.

Following a law suit from a coalition of maritime interests the District Court of Columbia on February 21 ordered the U.S. Agriculture Department to comply with the Cargo Preference Act 1954.

This law, designed for the PL 480, or food aid programme, stipulates that half the vessels carrying the subsidised exports must be under the U.S. flag.

The problem for the department is that this will raise the freight cost of the credit deals to an unacceptable level. As a result, Mr Daniel Amstutz, U.S. Agriculture Under-Secretary, has announced suspension of the whole blended credit programme for fiscal 1985, which ends on September 30.

U.S. officials admit there is confusion over what happens next. While normal commercial grain deals and those under *GSM 102, that is commercial* credit guarantees, are unaffected by the ruling, those blended credit deals as yet unshipped are hanging fire.

There can be no retrocative action on blended credit deals shipped in fiscal 1983 and 1984 but fiscal 1985 still has $536m-worth of unshipped U.S. grain export business under the programme.

This includes $136m of Egyptian wheat purchases, $250m for Morocco and $120m for Tunisia, also for wheat, and $30m for Iraq for flour purchases.

Grain trade experts in Britain are urgently asking what will become of the planned shipments to these markets, all of which are secured by the cheap credit against fierce competition from French Coface credit or aggressive Australian commercial trade tactics.

A U.S. official says: "All of these deals had yet to be shipped and following the court ruling are effectively prevented from going ahead. This leaves a substantial vacuum in the market which other exporters could try to fill.

"Even more important, however, *the ruling has spiked one* of the principal weapons in the U.S. trade armoury in the fight against other exporters' subsidised competition."

Market observers here seem as stunned as USDA officials at the ruling. One trade source said: "We knew the cargo preference question was being pursued in the courts against USDA but the decision is a bolt from the blue which puts the U.S. subsidised credit programme in an embarrassing position."

The irony is that blended credit has been under attack from the U.S.'s competitors. Now its seems to have been *stopped by a technicality* from within the U.S. itself.

'Base' for cocoa agreement

BY ANDREW GOWERS

THE CHAIRMAN of the current cocoa talks in Geneva claimed yesterday that a "solid base" had been created for a new International Cocoa Agreement, as producers and consumers agreed to continue negotiations into next week.

Mr Rene Montes of Guatemala, chairing the conference under the auspices of the UN, said he felt the four principal issues dividing producers and consumers at the talks — which *were originally* due to end tomorrow — could be resolved in their final phase.

He listed these as operation of buffer stocks, additional measures to defend the price range, and the level and structure of prices.

There was, however, little sign the two sides had moved any closer to a deal on the crucial question of the prices to be set. Conference observers said the producers, led by Ivory Coast, were continuing to press for a higher price range than now, a proposal clearly unacceptable to consumers.

The cocoa pact expires in September and this is the third bid to negotiate a replacement for it. There has been little optimism, since the start of the current round nearly two weeks ago, that it would be any more successful than previous attempts.

The agreement to extend the talks came after pressure from the chairman and the producers' side. It is expected to be endorsed by a plenary meeting of the cocoa conference today.

Under the current agreement prices range between a floor of 106 cents a lb and a ceiling of 146 cents. This is supposed to be maintained by buffer stock purchases and sales.

Market prices have recently been consistently below this level, however, and European consumers say the dollar's rise has made the agreement's price range unrealistically high.

Reynolds likely to run Guyanan bauxite refinery

By Canute James in Montego Bay

REYNOLDS METALS of the U.S. and the *Government* of Guyana are reported to be close to an agreement under which the company would run the country's bauxite refinery, closed in 1982.

Reopening the refinery is part of a $91m five-year plan being implemented by the Government to rehabilitate the bauxite industry. Industry members in Guyana have said Reynolds is likely to contribute about $19m towards restarting the industry.

Reynolds was earlier involved in mining in Guyana but left 11 years ago when its mines were nationalised. Mr Desmond Hoyte, Guyana's Prime Minister, said recently the administration wanted a technological partner to rehabilitate the bauxite industry, particularly the alumina plant. The plant, built by Alcan, was nationalised in 1971.

Chile copper port closed for two weeks

THE CHILEAN port of San Antonio, devastated by last Sunday's earthquake, will not be able to operate at all for two weeks, Sr Francisco Cuadra, government Secretary General, said yesterday.

He said repairs to two *wharves would take two weeks* but the port would be able to function at only 20 per cent capacity when they were repaired. Copper from the El *Teniente division of Codelco*, the state-owned copper producer, passes through San Antonio, as does much of Chile's fruit exports.

● THE EUROPEAN COMMISSION authorised the export of 56,750 tonnes of white sugar at a maximum rebate of 42.381 European currency units per 100 kg at yesterday's weekly tender. There were no bids for raws and no rebate was set. The tender result had virtually no effect on the market, with tonnage and rebate levels generally as expected.

● THE AVERAGE price of all ltea sold at Monday's London auction fell to 227.60p a kilo from 237.77p last week, said the Tea Brokers Association of London. This is the lowest level since the auction of August 28 last year.

● ADULT MOHAIR prices declined 7.5 per cent to 10 per cent at yesterday's South African auction in Port Elizabeth from the previous fortnightly sale. Strong type goat and kid prices were down 5 per cent to 6 per cent and fine young goat poat prices 2.5 per cent, the Mohair Board said. Fine kid prices were steady. Of the total 2,964 bales on offer, 99 per cent was sold.

● INDIA FACES a large shortage of vegetable oils in the next five years, the Central Organisation for Oil Industry and Trade has held the Government. It estimated annual demand at *6.05m tonnes but put domestic* supplies at about 4.2m. The deficit of 1.85m tonnes will be met through imports, it said.

● INDIA's COFFEE BOARD has contracted to sell 6,000 tonnes of robusta coffee to non-member countries of the International Coffee Organisation for May to October delivery.

'King Sugar is dead! Long live the King!'

BY CANUTE JAMES IN KINGSTON

"AS A major export industry, at the end of the 20th Century sugar as we know it is dead," said Mr George Chambers, Prime Minister of Trinidad, and Tobago, speaking recently of what was once the pillar of his country's economy.

Yesterday's announcement that Caroni, the Caribbean country's biggest sugar company, was halving its 10,000-strong workforce in an effort to streamline its loss-making operation served to confirm the dire trouble in which the industry is.

Leaders of other Commonwealth Caribbean sugar-exporting countries are not yet willing to go quite as far as Mr Chambers in writing off the industry. Few of them, however, would dispute that sugar, once king, is dying, throttled by mounting losses and increasing debts.

At current world-market prices Caribbean community exporters are earning about US$ 40m a year less than it costs them to produce.

High production costs have made clear that the days of the Trinidad and Tobago sugar industry are numbered. Over the past few years costs have doubled to TT$4,000 ($1,660) a tonne, 14 times the world free market price and nearly five times the price received for shipments under quota to the EEC.

Production slipped to 64,000 tonnes in 1984, a year in which the Government pumped US$128m into the state-owned companies to keep them afloat. In the decade before that, financial support averaged US$ 52.7m. a year.

"Surely, without such sustained government support untold hardships would long have visited these enterprises," the Prime Minister said.

About 20,000 acres, for decades dedicated to sugar cane, are being transformed to produce rice, peas, coffee, bananas

"The industry will be streamlined to produce up to 100,000 tonnes a year, aimed principally at satisfying domestic needs," Mr Chambers said.

The industry's financial situation is hardly better in Guyana which, with *241,000* tonnes *last* year, is the Commonwealth Caribbean's largest producer. Yet there appears to be greater government resolution to grind on with an unprofitable venture.

Mr Forbes Burnham, the countrys president, said the industry last year lost *U.S.$26m*, following losses of U.S.$28m in 1983.

The financial state of the industry, said Mr Harold Davis, chairman of the state-owned Guyana Sugar Corporation, "... is certainly not a happy one." Yet, he said, "... Our industry, beset by many problems, will survive, and not only survive but return to financial viability."

There is little concrete evidence to support such optimism about the Guyanese industry. It had to borrow U.S.$47m in 1983, and an unspecified amount last year, to keep the mills going.

This was needed to prop an industry with production costs of 14.8 *U.S.* cents a pound, *while* the national retail price was 7.05 U.S. cents a pound. President Burnham recently doubled the retail price as part of an effort to improve the industry's battered finances.

Jamaica, output from which has fallen during two decades from 450,000 tonnes a year to 192,000 tonnes last year, is also reluctant to throw in the towel. The industry last year lost *US$ 13m, bringing* accumulated losses to about US$ 100m.

The Government has consistently rejected suggestions that the industry be downgraded *and*, like Trinidad and Tobago, production be aimed at meeting domestic needs.

Instead, the Government has looked for outside help and is hoping that a management contract with Tate and Lyle, which became effective at the start of *this year, will* result in improved output and efficiency.

The plans for the Jamaican industry, however, are being bedevilled by arguments *between* the Government and farmers about increased payments from windfall profits caused by devaluation of the Jamaican dollar.

An effort at profitability is also not being aided by a spate of fires which have destroyed several hundred acres of canes. Senior police officers say the *fires* are the work of marijuana farmers, angered at the fact that police have burnt their fields. The Government says the fires are the result of *sabotage by its* detractors.

The finances of the Barbadian industry have been more stable than those of its neighbours but it is still in deep trouble in *spite of output of 10,000 tonnes* last year, 15,000 tonnes more than in 1983.

The increases brought earnings of *US$31m* last year but this will hardly ease the pressure of accumulated debts which stand at US$75m.

For the third time in four years *the Government* has set about raising funds to support the industry. The effort is aimed at obtaining US$7.5m this year, following the issuing of bonds to *raise* US$8.5m in 1982 and US$5m in 1983.

The depressed finances of the sugar industry in these Commonwealth Caribbean countries explains new *marketing initiatives* by some. To meet their quotas under the sugar protocol of the Lomé Convention, for example, some have been importing sugar to meet domestic demand.

While also taking advantage of the better prices offered under the Sugar Protocol, there is an economic gain in buying imports at lower world-market prices.

The industry is also plagued by the dilemma of the social costs of improved efficiency through modern technology.

Governments have baulked at merchandised harvesting, which economists have argued would increase efficiency and cut production costs, improving viability of Caribbean cane-sugar.

The problem of providing jobs for those of the region's 80,000 now employed in sugar, and who would be displaced by mechanisation, has made the governments reluctant to upgrade the means of production.

"Sugar in the Commonwealth Caribbean has gone totally sour," said one Jamaican industry representative. "We are hanging on not because of economic benefits which we can see even in the long term, but more so because it has been with us for such a long time we cannot conceive of being without it.

"Clearly, 'King Sugar is dead! Long live the King!'"

LONDON — West German sugar statistician F. O. Licht has forecast larger European sugar-beet area plantings in 1985-86 in its first estimate at 7.45m hectares, compared with 7.42m (revised) for the 1984-85 crop year.

Eastern European plantings were forecast by Licht at about 4.9m hectares from 4.8m (revised) in 1984-85 but Western European figures (including EEC countries) were seen slightly lower at 2,548,000 hectares from 2,566,000 the previous year.

The EEC is expected by Licht to plant beet on a total 1.71m hectares against 1.73m in 1984-85.

Reuter

U.S. crude oil imports up

U.S. CRUDE oil imports continued to rise this week and were up to 2.7m barrels, 50,000 barrels only below last year's level, writes Kate Braithwaite in Washington.

Two weeks ago imports of crude wer ethe lowest for some time at 1.35m barrels, said the American Petroleum Institute.

American crude stocks also rose over the past two weeks. This week they were up by nearly 3m barrels to 319.3m barrels.

Distillate fuel-oil stocks were down again, a drop of 4m barrels to 123.2m barrels. Last year distillate stocks stood at 129.5m barrels.

Whaling pact 'illegal'

WASHINGTON — A federal judge has declared a whaling pact between Tokyo and Washington illegal and ordered the U.S. Government to impose economic sanctions *against* Japan.

Japanese fishermen caught just under 1m tonnes of fish in U.S. waters last year

Mr Malcolm Baldridge, the Commerce Secretary, agreed last November to allow Japan to take as many as 1,200 sperm whales a year until 1988 when it would have to cease all commercial whaling. *U.S. District* Court Judge Charles Richey yesterday ruled the Baldridge pact violated the will of Congress.

Reuter

LONDON MARKETS

COCOA PRICES fell sharply on the London futures market yesterday confirming, in many traders' view, that there had been a change in underlying market sentiment from bullish to bearish.

The May position, which fell £14.50 on Monday and £28.50 on Tuesday, lost another £59 yesterday to end at £2,087.50 a tonne.

Dealers said the change in sentiment was prompted by signs of increased shipments from West Africa, greater availability of nearby and afloat physical supplies, better Brazilian crop prospects and development of bearish charts patterns.

Prices moved sharply lower at the opening, reflecting a significant fall in New York *market overnight.*

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Mar. 6 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1120/140		$1165/1175
Copper			
Cash h Grade	£1283		£1259.5
3 mths	£1299.75		£1281.25
Gold troy oz	$287.25		$303
Lead Cash	£327.25	—1	£337.5
3 mths	£335.25	—1	£338.75
Nickel			
Free Mkt	255/265c	+1	228/258c
Palladium oz	$112.25	—0.75	$128.50
Platinum oz	$251.00	—2	$276.25
Quicksilver†	$290/300	—1.25	$295/305
Silver troy oz	532.40p	—0.90	557.85p
3 mths	550.45p	+50	574.85p
Tin cash	£10,227.5	+30	£9965
3 mths	£10,232.5	+15	£9930.5
Tungsten	$76.65	+0.97	$78.27
Wolfram 22 04lb	$74/77		$69/72
Zinc	£828.5	—12.5	£757
3 mths	£808.5	—6.25	£757
Producers	$800-840		$900

OILS	Mar. 6 1985	+ or —	Month ago
Coconut (Phil)	$830v	+45	$760
Palm Malayan	$590y	—5	$570
SEEDS			
Copra Phil	$510v	+10	$465
Soyabean (U.S.)	$241.5	+2.1	$252.5
GRAINS			
Barley Fut. May	£116.60	+0.25	£115.65
Maize	£149		£147.50
Wheat Fut. May	£117.95	+0.55	£116.15
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2087.5	—59	£2229.5
Coffee Ft. May	£2434.5	—25.5	£2394
Cotton A Index	67.20c	—0.25	69.70c
Gas Oil April	$222.5	—1.25	$223
Rubber (kilo)	66p		64p
Sugar (raw)	$115v	—2	$114
Wooltops 64s	515pkilo		521pkilo

‡ Unquoted. x April. y May. v March-April. † Per 75-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Mar. 5	Mar. 4	M'th ago	Year ago
295.14	295.77	300.53	299.35

(Base: July 1 1952 = 100)

REUTERS

Mar. 6	Mar. 5	M'th ago	Year ago
2030.9	2030.5	2016.0	1962.0

(Base: September 18 1931 = 100)

MOODY'S

Mar. 5	Mar. 4	M'th ago	Year ago
950.2	954.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Mar. 5	Mar. 4	Month ago	Year ago
Spot	116.65	117.12	—	—
Fut.	119.72	120.12	—	—

(Base: December 31 1974 = 100)

OIL

Brent and WTI gained about 25c in moderate trading. In the petroleum products market prompt gas oil was at a premium of $3-$4 over second-half March. However, where potential buyers continue to hold off buying on the general market feeling is that March prices will stay firm while April prices will fall. An almost total absence of buyers caused prices for heavy fuel to dip.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	27.85-27.95	—
Arab Heavy	26.60-26.70	—
Dubai	27.00-27.05	—
Brent Blend	28.20-28.40	+0.25
W.T.I. (1pm est)	27.75-27.80*	+0.225
Forcados (Nigeria)	27.75-28.20	—
Urals. (cif NWE)	28.00-28.20	—
PRODUCTS—North West Europe "cif ($ per tonne)		
Premium gasoline	247-249	—
Gas Oil	246-247	+1
Heavy fuel oil	170-175	+3

*April Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
March	233.00	—0.50	234.75-32.50
April	223.50	—1.25	223.90-21.25
May	219.50	—0.25	220.50-17.75
June	218.00	+1.50	218.25-14.25
July	217.00	+1.50	217.00-15.50
Aug	220.00	—0.50	—
Sep	222.00	—	—

Turnover: 2,319 (3,132) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1281.5-2	—5.75	1282.5-3.5	—
3 months	1297.5-8.5	—5.25	1299.5-300	—
Settlem't.	1282	—6.0	—	—
Cathodes.				
Cash	1270-2	—8.0	1272-4	—1.0
3 *months*	1290-1	—6.5	1293-5	—0.5
Settlem't.	1272	—8.0	—	—

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,303, 03.5, cash £1,283, 82.5, 82, three months £1,301, 1,300, 1,299, 98, 98.5, 98. Cathodes: Three months £1,291. Kerb: Higher Grade: Three months £1,297, 97.5. Afternoon: Higher Grade: Three months £1,302, 01, 1,299, 1,300. Kerb: Higher Grade: Three months £1,300, 1,299, 98, *97, 96*, 95, 96, 95.5, 95, 94, 93, 92, 91, 90, 91, 92, 93, 94. Turnover: 46,875 tonnes. U.S. Producers: 64.00-67.00 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	10245-50	+57.5	10235-45	+25.0
3 months	10245-50	+32.5	10240-50	+12.5
Settlem't.	10250	+55.0	—	—
Standard.				
Cash	10230-1	+48.0	10225-30	+30.0
3 months	10232-5	+31.0	10230-35	+15.0
Settlem't.	10231	+46.0	—	—
Straits. E.	$29.15	—	—	—

Tin — Morning: Standard: Three *months £10,225, cash £10,231, three* months £10,226, 30, 35, 32. Kerb: Standard: Three months £10,225. Afternoon: Standard: Three months £10,230, 35, 40, cash £10,230, three months £10,240. Kerb: Standard: Three months Prime Western: 45.00-45.75 cents a *£10,210, 15, 20. Turnover: 1,300 tonnes.*

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	328-.25	—0.12	327-.5	—1
3 months	336-.5	—1.5	335-.5	—1
Settlem't	328.25	—0.25	—	—

Lead—Morning: Three months £336, 35.5, cash £328, three months £336. *Kerb: Three months* £337. Afternoon: Three *months* £336, 35. Kerb: Three months £335. Turnover: 11,625 tonnes. U.S. Spot: 18.00-22.00 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	830-2	—11	828-9	—12.5
3 months	805-.5	—10.7	808-9	—6.25
Settlem't	832	—11	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £830-£835, pm £836-£840. Three months am £830-£835, pm £836-£840. Settlement: £837. Morning: Three months £809, three months £808, 09, 10. Kerb: Three months £808, 06, 05, 07, 05. Afternoon: Three months £809. Kerb: Three months £807, 06, 05, 06, 07, 06. Turnover: 28,175 tonnes. U.S. Prime Western: 45.00-47.75 cents a pound.

ALUMINIUM

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1027-.5	+3.5	1028-.5	+2.9
3 months	1063.5-4	+3.5	1064.5-5	+2.0

Aluminium—*Morning:* Three months £1,063, 64, 63, 63.5, 63, 64, 64.5, 64, 63.5. Kerb: Three months £1,064, 65. Afternoon: Three months £1,067.5, 67, 67.5, cash £1,028, three months £1,068, 66, 65.5, 65, 64.5. *Kerb: Three months* £1,064, 63, 62, 61, 60, 59, 60. Turnover: 16,825 tonnes.

GOLD

Gold fell $¾ an ounce from Tuesday's close in the London bullion market yesterday to finish at $287-$287½. The metal opened at $286½-$287 and traded between a high of $287½-$288 and a low of $286-$286½. Short covering helped to revive gold from its early lows but fresh selling in the afternoon soon checked its advanced. Once again attention remained focused on the dollar with yesterday's sharp fluctuations providing little basis for any *definite trend.*

GOLD BULLION (fine ounce) Mar. 6

Close	$287-287½	(£271¾-272¼)
Opening	$286½-287	(£272¼-272¾)
M'ni'g fix.	$286.70	(£271.882)
Aft'n'n fix.	$287.40	(£271.260)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$296½-297¼	(£280-280¾)
½ Krug.	$152¾-153½	(£144½-145)
¼ Krug.	$78-78¾	(£73½-74½)
1/10 Krug.	$31-31¾	(£29½-30)
Mapleleaf	$296¼-296¾	(£279¾-280½)
New Sov.	$68-68¾	(£64¼-65)
½New Sov	$41-41¾	(£38¾-39½)
Old Sov.	$68½-70	(£64¾-66¼)
$20 Eagle	$450-460	(£425-435)
Noble Plat	$259½-262½	(£244-246¾)

SILVER

Silver was fixed 1.25p an ounce *lower for spot delivery* in the London bullion market yesterday at 532.4p. U.S. cent equivalents of the fixing levels were: spot 562.2c, down 3.9c; three-month 575.4c, down 3.9c; six-month 590.4c, down 3.9c; and 12-month 621.5c, down 4.5c. The metal opened at 531-534p (559-562c) and closed at 536-539p (566-569c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	532.40p	—1.25	534.5p	+1.5
3 months	550.45p	—0.90	553.25p	+0.5
6 months	567.15p	—1.15		
12months	597.15p	—1.15		

LME—*Turnover:* 128 (38) lots of 10,000 oz.

Morning: untraded. Kerb: three months 560.8. Afternoon: 2nd ring three months 554. Kerb: untraded.

NICKEL

NICKEL	£ a.m. Official	£ + or —	£ p.m. Unofficial	£ + or —†
Spot	4858-60	+20.0	4855-65	+12.5
3 months	4885-90	+5.0	4890-900	+7.5

Nickel — *Morning:* Three months £4,890, 85, 80, cash £4,855, three months £4,885. Kerb: Three months £4,890, 95. Afternoon: Three months £4,895, 85, 90. Kerb: Three months £4,885, 80, 75, 80. *Turnover:* 1,092 tonnes.

COCOA

The market was active, trading *through the limit-down and closing* near the lows. Producers were withdrawn but as levels declined some second-hand interest and consumer scale-down buying was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2100-2105	—52.5	2155-2100
May	2087-2088	—59.0	2124-2080
July	2065-2066	—59.0	2101-2060
Sept.	2052-2058	—49.0	2080-2051
Dec.	1978-1980	—26.5	1998-1978
Mar.	1975-1976	—27.0	1993-1975
May	1965-1980	—26.5	1985-1982

Sales: 8,040 (4,475) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for March 6: 95.89 (97.26): five-day average for March 7: 98.71 (99.88).

COFFEE

During a quiet session values remained in a tight range, reports Drexel Burnham Lambert. Price *movements were due to currency factors.* Continued resistance around £2,460, basis May, restricted gains but commission house buying attracted additional support until a sterling rally produced a weak close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
March	2386-95	—15.0	2416-88
May	2433-35	—20.5	2462-32
July	2472-73	—27.0	2506-72
Sept.	2504-05	—33.0	2542-02
Nov.	2495-99	—36.5	2540-00
Jan	2475-82	—22.0	2503-82
March	2460-70	—15.0	—

Sales: 2,031 (3,086) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for March 5: Comp. daily 1979 130.15 (130.46); 15-day average 131.22 (131.58).

GRAINS

Old crop wheat lost 20p in early trading before meeting short-covering and light shipper buying to rally for the rest of the day. Old crop barley was subdued but a little steadier on short-covering. New crops found shipper support, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar.	114.05	+0.55	113.25	+0.35
May	117.95	+0.55	116.60	—0.25
July	121.40	+0.50	—	—
Sept.	97.10	+0.10	96.80	—
Nov.	100.40	+0.20	100.40	—
Jan	104.20	+0.20	104.15	—

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent March 186.40, April/May 170.25, June 170.45 transhipment east coast. U.S. No 2 soft red winter March 165.50, April 167.25, May 166.50. EC French July *118 cif free out south/west coast.* English feed fob April 117 seller east coast. Maize: U.S. No 3 yellow/French transhipment east coast March 149. Barley: Enklish feed fob April 117 seller Isle of Wight.

HGCA — Locational ex-farm spot prices. Feed barley: E. Mids 112.70, N. East 113.80, Scotland: 112:10. The UK Monetary Coefficient for the week beginning March 11 will remain unchanged.

Business done—Wheat: March *114.05-3.35, May 117.95-7.20, July 121.45-20.95, Sept 97.10-7.00, Nov* 100.40-0.20, Jan 104.10-4.00. Sales: 210 lots of 100 tonnes. Barley: March untraded, May 116.50 only, Sept 96.80 only, Nov 100.40 only, Jan untraded. Sales: 28 lots of 100 tonnes.

PIGMEAT

Prices closed on a steadier note because of higher physicals and light short-covering, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	108.80	108.40	109.00-108.80
June	106.60	106.20	106.70-106.50
Aug.	103.20	102.80	103.20-103.00
Oct	108.80	108.30	108.80-108.50
Nov.	109.50	109.40	—
Feb.	100.60	100.80	—

Sales: 47 (37) lots of 50 carcases, 3,250 kg.

POTATOES

PMB frost statistics indicating a very low damage figure of below 1 per cent and an easier Dutch quote prompted keen selling in the old crop *positions, reports Coley and Harper.*

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
April	45.60	47.00	47.50-45.50
May	49.20	51.00	51.50-49.00
Nov	71.50	70.70	71.00-70.00
Feb	79.50	78.50	[illegible]
Apr	92.00	90.80	92.00-91.00

Sales: 461 (630) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 80 tonnes. Slow offtake brought relatively little demand. Minor orders concerned American qualities.

RUBBER

PHYSICALS—The London market opened slightly steadier, ruled uncertain throughout the day, and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 66.00p (same): April 74.50p (same); *May* 75.50p (same). The Kuala Lumpur fob price for RSS No 1 was 185.0 (same) cents a kg and for SMR 20 188.0 (167.5).

SOYABEAN MEAL

The market opened unchanged in thin trading conditions, reports T. G. Roddick. Prices remained steady *in* lacklustre trading.

	Yesterday close	+ or —	Business Done
	£ per tonne		
April	149.0-150.0	+1.00	149.0
June	139.5-140.0	+0.40	139.5-139.0
August	142.0-142.1	+0.60	142.0-141.5
October	147.4-148.0	+0.75	—
Dec	155.5-155.0	+1.75	—
Feb	158.0-158.8	+0.15	—
April	160.0-160.5	—0.25	160.0

Sales: 119 (558) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $115.00 (£109.00), down $2.00 (up £1.00) a tonne for March-April delivery. White sugar $133.00, down $3.60.

Prices opened $2.00 lower but *thereafter recovered, reports C. Czarnikow.*

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	116.0-116.8	117.6-117.8	118.8-115.8
Aug.	126.0-126.6	125.6-125.8	126.0-124.1
Oct	133.8-134.0	133.4-133.8	136.8-150.0
Dec.	139.6-141.0	139.6-140.8	—
Mar.	155.6-155.8	154.8-155.0	155.8-153.0
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Sales: 1,286 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £218.00 (£219.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for March 5: Daily price 3.58 (4.10); 15-day average 3.76 (3.73).

U.S. MARKETS

GOLD AND SILVER firmed in response to a weak dollar which reflected comments by Mr Paul Volcker, chairman of the Federal Reserve, on the dangers of an overvalued dollar, reports Heinold Commodities. Copper was firm on concern over shipments from Chile along with the firm tone to precious metals. Sugar steadied with the recovery in Sterling. Cocoa remained under pressure from the better prospects for the Brazilian and West African crops. Coffee traded mixed reflecting a general lack of fundamental developments. Cotton firmed in response to an oversold condition along with the weakness in the dollar. The energy complex was firm due to a larger than expected draw-*down in stocks caused* by lower imports. The grain and soyabean complex rallied on the weaker dollar and rumours of Russian buying interest in maize.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	49.10	48.85	48.85	48.70
April	49.40	—	—	49.05
May	49.85	49.95	49.45	49.50
July	50.70	50.35	50.35	50.35
Sept	51.55	51.25	51.25	51.20
Dec	52.80	—	—	52.45
Jan	53.20	—	—	52.85
March	54.05	—	—	53.70
May	54.85	—	—	54.55
July	55.65	—	—	55.35

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	1985	2018	1985	2020
May	2018	2045	1998	2048
July	2010	2036	1998	2029
Sept	2000	2025	1987	2022
Dec	1950	1974	1945	1966
March	1955	1979	1955	1966
May	1955	1975	1960	1963

COFFEE "C" 37,000 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	59.90	60.00	58.40	58.35
April	60.10	—	—	58.80
May	60.50	60.55	59.25	59.20
July	61.10	61.20	59.95	59.90
Sept	61.50	61.75	60.50	60.45
Dec	62.20	61.85	61.25	61.20
Jan	62.40	—	—	61.45
March	62.80	62.50	62.50	62.00
May	63.35	—	—	62.50
July	63.85	63.25	63.25	63.05

SPOT PRICES—Chicago loose lard 23.00 (same) cents per pound. New York tin 500.0-515.0 (487.0-515.0) cents per pound. Handy and Harman silver bullion 572.0 (567.5) cents per troy ounce.

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	65.26	65.25	63.91	64.08
May	64.33	64.53	63.40	63.59
July	64.72	64.85	64.00	64.17
Oct	64.90	64.95	64.95	64.75
Dec	64.95	65.00	64.84	64.93
March	66.10	66.14	65.92	66.05
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons—$/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	589.3	597.5	579.0	583.1
Sept	598.8	605.0	588.0	593.4
Dec	616.8	622.0	606.5	610.8
Jan	622.7	—	—	615.8
March	634.2	628.0	628.0	627.2
May	646.3	640.0	640.0	639.3
July	659.0	657.0	657.0	652.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	4.19	4.23	4.12	4.16
July	4.49	4.52	4.44	4.48
Sept	4.77	4.77	4.72	4.78
Oct	4.97	4.98	4.89	4.98
Jan	5.52	5.46	5.45	5.53
May	6.22	6.25	6.14	6.20
July	6.50	6.50	6.45	6.45

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	64.42	64.62	64.20	64.17
June	66.82	66.97	66.47	66.42
August	65.80	65.90	65.52	65.67
Oct	64.02	64.10	63.85	64.80

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	27.84	28.00	27.70	27.68
May	26.72	26.95	26.60	26.59
July	26.06	26.30	26.02	25.98
August	25.60	25.90	25.50	25.60
Sept	25.15	25.34	25.10	25.10
Oct	24.50	24.60	24.50	24.43
Dec	24.08	24.25	24.00	24.00
Jan	23.97	24.15	23.90	23.83

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	349.2	350.2	347.4	347.2
May	340.2	341.0	338.0	337.4
July	329.2	330.0	327.0	326.2
Sept	329.8	330.4	328.0	326.8
Dec	340.0	340.4	338.0	336.6
March	344.6	345.0	344.0	347.4

OTHER MARKETS

HIDES

HIDES—Leeds. Second clears, Ox: 31-35.5 kg, 110.3p a kg, (109.0p withdrawn); 26-30.5 kg, 119.5p a kg withdrawn (120.1p); 22-25.5 kg 131.0p a kg withdrawn (136.1p withdrawn, Cows: under 25.5 kg, 141.1p a kg (138.7p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 480, 490, 490-488; May 514, 516, 516-515; Aug 536, 538, 537-536; Oct 538, 540, 540-538; Dec 540, 542, 542-540; Jan 541, 543, 545-542; March 546, 548, 549-547; May 553, 557, 564; Aug 562, 568, 567. Sales: 85.

MEAT

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 75.0 to 81.0: English hindquarters 91.0 to 98.5: Ulster forequarters 52.0 to 56.0. Veal: Dutch hinds and ends 123.0 to 127.0. Lamb: English small 72.0 to 84.0, medium 68.0 to 80.0, *heavy 62.0* to 66.0: Scottish heavy 62.0 to 67.0: Imported: New Zealand PL (new season) 70.0 to 71.0, PL (old season) 68.0 to 68.5, PX (new season) 66.0 to 66.5. Pork: English, under 100 lb 48.5 to 60.0, 100-120 lb 52.0 to 56.0, 120-160 lb 41.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.64p per kg lw (+0.30). GB—Sheep 185.45p per kg est dcw (+18.80).

PARIS

SUGAR—(FFr per tonne): May 1,408-1,410, Aug 1,497-1,500, Oct 1,535-1,580, Dec 1,615-1,630, March 1,730-1,738, May 1,788-1,790.

COCOA—(FFr per 100 kg): March 2,315-2,329, May 2,294-2,298, July 2,290 asked, Sept 2,240-2,245, Dec 2,142-2,145, March 2,120 bid, May 2,120 bid.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter March 158.50, April 159.50, *May* 158.50, *July* 144.50. U.S. two northern spring 14 per cent protein March 180, April 184, April 184.50, June 164.50. U.S. northern spring 15 per cent protein spot 197, May 179, June 179, Sept 178. U.S. three hard amber durum May 178, June 178.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slumps in hectic trading

A delayed reaction to comments by Mr Paul Volcker, chairman of the U.S. Federal Reserve Board, pushed the dollar sharply weaker in late trading yesterday. All semblance of an orderly market disappeared in the last hour with the dollar quoted on very wide spreads. One exasperated dealer spoke for many when he described the closing stages of the day as more of a circus than a market.

Speaking before the U.S. Senate budget committee, Mr Volcker stressed the need to reduce the budget deficit and warned of the possible risks to the inflation rate if a reduction in the deficit was not achieved. Much of this had generally been anticipated by the market and together with a continued absence of central banks, the dollar attracted further buying during the afternoon. However, sentiment changed in the last hour with a small trickle of dollar sales rapidly turning into a flood.

The dollar had opened on a bullish note, above DM 3.45 and touched a high of DM 3.4565 before settling back to DM 3.44. There were renewed fears that central banks would renew their programme of aggressive dollar sales around these levels and this led to some hesitancy. However confidence increased as the West German Bundesbank kept a low profile and it was only in the last hour that the dollar really started to fall. It closed in London at DM 3.38, down from DM 3.4335 on Tuesday but had recovered in New York to DM 3.3950 in very nervous trading. Elsewhere it fell to SwFr 2.8975 from SwFr 2.9240 and FFr 10.3320 from FFr 10.4650. It was slightly firmer against the yen however at Y261.2 from Y261.0. On Bank of England figures, the dollar's index was higher at 156.8 from 155.8 but this was calculated too early in the day to reflect the dollar's late decline.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0525. February average 1.0933. Exchange rate index closed at 70.7 down from 70.8 but this did not reflect sterling's late improvement. The six months ago figure was 77.6.

Sterling benefited from the dollar's late decline but had already shown a steady to firmer trend earlier in the day. The current high level of UK interest rates enabled sterling to fare better than most against the dollar. It closed at $1.0725, a rise of 1.7c. Against the D-mark it finished at DM 3.6650 up from DM 3.6225 and SwFr 3.1225 compared with SwFr 3.0875. It was also firmer against the yen at Y280.25 from Y275.25 and FFr 11.2525 from FFr 11.0375. Later in New York the pound fell back from these levels as the dollar recovered.

D-MARK — Trading range against the dollar in 1984-85 is 3.4510 to 2.5535. February average 3.3008. Exchange rate index 117.5 against 122.6 six months ago.

There was no intervention by the Bundesbank when the dollar was fixed higher at DM3.4235 at yesterday's fixing in Frankfurt, up from DM3.4170 on Tuesday. The fixing level was some way below the day's high however, touched early in the morning as the market became more nervous of central bank intervention with the dollar at one point approaching the record highs touched last week. Lacking continued upward momentum the dollar suffered from a little profit taking in sometimes hectic trading although its undertone remained firm. News of a 0.9 per cent rise in German new industry orders compared with a 2.9 per cent rise in December had little effect on trading.

£ in New York

	March 6	Prev. close
£ Spot	$1.0650-0665	$1.0530-0540
1 month	0.49-0.47pm	0.46-0.47pm
3 months	1.13-1.10pm	1.09-1.07pm
12 moths	1.70-1.60pm	1.75-1.65pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX (Bank of England)

	March 6	Previous
8.30 am	70.7	70.6
9.00 am	70.6	70.7
10.00 am	70.7	70.6
11.00 am	70.7	71.0
Noon	70.8	70.8
1.00 pm	70.8	70.7
2.00 pm	70.7	70.8
3.00 pm	70.8	70.8
4.00 pm	70.7	70.8

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.7243	−0.39	+0.27	±1.5622
Danish Krone ...	8.14104	7.95801	−2.25	−1.59	±1.6473
German D-Mark	2.24184	2.22520	−0.74	−0.08	±1.1475
French Franc ...	6.87456	6.79777	−1.12	−0.46	±1.3669
Dutch Guilder...	2.52595	2.51785	−0.32	+0.34	±1.5171
Irish Punt	0.72569	0.714482	−1.54	−0.88	±1.6703
Italian Lira	1403.49	1383.54	−1.42	−1.40	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0495-1.0730	1.0715-1.0735	0.49-0.44c pm	5.20	1.12-1.07pm	4.08
Canada	1.4040-1.4940	1.4910-1.4940	0.44-0.34c pm	3.13	0.84-0.68pm	2.04
Nethlnd.	4.0835-4.1500	4.14½-4.15	2⅝-2⅜c pm	6.15	6⅝-6⅛pm	6.33
Belgium	72.68-74.20	74.10-74.20	27-21c pm	3.88	64-55pm	3.48
Denmark	12.92-13.15¾	13.15½-13.15¾	3½-2½ore pm	2.73	8½-7½pm	2.41
Ireland	1.1601-1.1675	1.1650-1.1660	0.06p pm-0.12 dis	0.62	.06pm-.40ds	-0.78
W. Ger.	3.6095-3.67	3.66-3.67	2⅝-2⅜pf pm	8.19	7-6⅞pm	7.44
Portugal	196-199	196.88-198.75	170-500c dis	−20.40	475-1325ds	−18.27
Spain	199.80-200.80	200.31-200.75	30-10c pm	1.18	45-15pm	0.59
Italy	2,240-2,295	2,293-2,296	1lire pm-2 dis	0.52	4-8dis	−1.04
Norway	10.31-10.48½	10.48-10.48½	1⅞-1⅛ore pm	1.82	3½-2½pm	1.17
France	11.024-11.25½	11.25-11.25½	3⅝-2⅛c pm	3.53	7½-6½pm	1.23
Sweden	10.208-10.500	10.30-10.50	1⅛-⅝ore pm	1.08	1-½pm	0.24
Japan	274-280½	280-280½	2-1⅝ pm	7.76	5½-5pm	7.31
Austria	25.30-25.65	25.43-25.57	18⅝-16⅞gro pm	8.12	46½-43½pm	7.05
Switz.	3.0784-3.1250	3.12-3.12½	2½-2⅛c pm	8.89	6⅝-6⅞pm	7.73

Belgian rate is for convertible francs. Financial franc 74.50-74.60. Six-month forward dollar 1.55-1.50c pm. 12-month 1.70-1.55c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0495-1.0730	1.0715-1.0735	0.49-0.44c pm	5.20	1.12-1.07pm	4.08
Ireland†	0.90-0.92	0.9190-0.9210	0.46-0.41c pm	5.73	1.12-1.02pm	4.70
Canada	1.3970-1.4085	1.4010-1.4030	0.26-0.29c dis	−2.35	0.74-0.78dis	−2.16
Nethlnd.	3.8550-3.9115	3.8885-3.8695	0.60-0.58c pm	1.82	2.22-2.18pm	2.28
Belgium	68.70-69.52	68.70-68.80	9½-10½c dis	−1.73	25-27dis	−1.50
Denmark	12.21-12.29	12.20-12.30	2¼-2⅜ore dis	−2.45	3½-4dis	−1.22
W. Ger.	3.3750-3.4585	3.37⅛-3.38⅛	0.87-0.82pf pm	2.95	2.90-2.85pm	3.35
Portugal	186-189	186-187½	200-500c dis	−22.49	600-1400ds	−21.42
Spain	188.33-190.43	187¾-188½	55-70c dis	−3.96	140-200dis	−3.59
Italy	2,110-2,150½	2,111-2,113	10-10½lire dis	−5.75	28-29½dis	−5.31
Norway	9.7450-9.8430	9.75½-9.76½	3½-3ore dis	−3.99	7⅝-8dis	−3.28
France	10.32-10.55¾	10.33-10.34	1.55-1.65c dis	−1.83	4.10-4.40dis	−1.62
Sweden	9.65-9.74	9.67¾-9.68¼	3½-3¾ore dis	−4.33	9½-9¾dis	−3.91
Japan	261-262.05	261.15-261.25	0.60-0.56y pm	2.66	2.18-2.13pm	3.29
Austria	23.90-24.28	23.90-24.00	6-5gro pm	2.74	19-16pm	2.90
Switz.	2.9450-2.9405	2.8970-2.8990	0.90-0.84c pm	3.53	2.77-2.71pm	3.75

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 69.45-69.55.

OTHER CURRENCIES

Mar. 6	£	$		£ Note Rates
Argentina Peso..	290.15-290.70	274.35-274.60	Austria	25.35-25.60
Australia Dollar.	1.5595-1.5835	1.4650-1.4680	Belgium	72.90-73.70
Brazil Cruzeiro..	4,227-4,252	3,997-4,017	Denmark	12.88-13.00
Finland Markka.	7.4790-7.4970	7.0770-7.0820	France	11.03-11.14
Greek Drachma.	149.65-152.86	142.30-146.20	Germany	3.60-3.64
HongKong Dollar	8.2510-8.2610	7.8020-7.8040	Italy	2245-2280
Iran Rial	103.0*	96.60*	Japan	273-278
KuwaitDinar(KD)	0.3245-0.3255	3.0735-3.0745	Netherlands	4.08¼-4.12½
Luxembourg Fr.	74.45-74.50	68.70-69.50	Norway	10.29-10.39
Malaysia Dollar.	2.7480-2.7540	2.5975-2.6005	Portugal	192-207
New Zealand Dlr.	2.2330-2.2700	2.1140-2.1480	Spain	195¼-204¾
Saudi Arab Riyal	3.8070-3.8120	3.6020-3.6030	Sweden	10.18-10.28
Singapore Dollar	2.4095-2.4160	2.2775-2.2805	Switzerland	3.07¾-3.10¾
Sth African Rand	2.1496-2.1650	2.0225-2.0365	United States	1.04-1.06
U.A.E. Dirham	3.8810-3.8860	3.6720-3.6730	Yugoslavia	280-295

* Selling rate.

CURRENCY MOVEMENTS

Mar. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	70.7	−18.1
U.S. dollar	156.8	+38.7
Canadian dollar	88.1	−7.4
Austrian schilling	107.7	+2.3
Belgian franc	87.0	−12.0
Danish Kroner	74.7	−5.7
Deutsche mark	117.5	+6.3
Swiss franc	131.0	+5.5
Guilder	108.1	+2.2
French franc	62.3	−16.7
Lira	45.2	−16.0
Yen	156.0	+11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Mar. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.897621	0.613815
U.S. $	8	0.950401	0.648178
Canadian $	11.27	*	0.910866
Austria Sch.	4½	22.8533	15.6405
Belgian Fr	11	65.5967	44.7245
Danish Kr	7	11.6709	7.95801
Dmark	4	3.25370	2.22520
Guilder	5	3.68946	2.51785
French Fr	9	9.96068	6.79777
Lira	15½	2032.19	1383.54
Yen	5	248.340	169.628
Norway Kr	8	9.33531	6.34843
Span'h Pta.	½	179.721	122.830
Swedish K	9	9.24027	6.28409
Swiss Fr	4	2.77470	1.89495
Greek Dr'ch	20½	136.383	92.7025
Irish Punt	13¾	1.04762	0.714482

* C$/SDR rate for March 4: 1.33124.

EXCHANGE CROSS RATES

Mar. 6	Pound St'rling	U.S. Dollar	Deutschem k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.073	3.665	280.3	11.25	3.123	4.148	2294.	1.493	74.15
U.S. Dollar	0.932	1.	3.417	261.3	10.49	2.911	3.867	2139.	1.392	69.14
Deutschemark	0.275	0.293	1.	76.47	3.070	0.852	1.132	625.9	0.407	20.23
Japanese Yen 1,000	3.568	3.827	13.08	1000.	40.15	11.14	14.80	8186.	5.326	264.6
French Franc 10	0.889	0.953	3.257	249.1	10.	2.775	3.686	2039.	1.326	65.90
Swiss Franc	0.320	0.343	1.174	89.75	3.604	1.	1.328	734.7	0.478	23.75
Dutch Gilder	0.241	0.259	0.884	67.57	2.713	0.753	1.	553.1	0.360	17.88
Italian Lira 1000	0.436	0.468	1.598	122.2	4.906	1.361	1.808	1000.	0.651	32.32
Canadian Dollar	0.670	0.719	2.456	187.8	7.539	2.092	2.779	1537.	1.	49.68
Belgian Franc 100	1.349	1.446	4.943	378.0	15.18	4.211	5.593	3094.	2.013	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14¼-14½	8-8⅛	10⅛-11	7¼-7⅜	3⅛-3⅜	6-6¼	10¼-10¾	13-14	10⅜-10⅝	10½-10¾	6 5/16-6 7/16	11½-12
7 day's notice	14 1/16-14 3/16	8 7/16-8 9/16	10⅞-11⅛	7¼-7⅜	3¼-3⅜	6 1/16-6 3/16	10½-10¾	13¾-14¼	10⅜-10⅝	10½-10¾	6⅝-6 11/16	11½-12
Month	14¼-14⅜	8 15/16-9 1/16	11-11½	7⅜-7½	5⅝-6 1/16	6⅛-6 5/16	10 9/16-10 13/16	14⅛-14⅝	10⅛-10¾	10⅝-10⅞	6½-6⅝	11½-12
Three months	13 15/16-14 1/16	9¼-9⅜	11 9/16-11 13/16	7 7/16-7 9/16	5 13/16-6 1/16	6 3/16-6 5/16	11⅛-11⅜	14½-15	10⅝-10⅞	10⅞-11⅛	6⅜-6½	11¼-11¾
Six months	13⅝-13½	10 3/16-10 5/16	12⅛-12¾	7½-7⅝	6-6⅛	6¼-6⅜	11¾-12	15⅛-15½	10⅞-11⅛	10⅞-11⅛	6 9/16-6 11/16	11½-11⅞
One year	12⅞-13	10 15/16-11 1/16	12⅝-12⅞	7½-7⅝	5 13/16-6 1/16	6¼-6⅜	12 1/16-12 5/16	15⅞-16¼	11¼-11½	11¼-11½	6 9/16-6 11/16	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅜ per cent; seven days 8⅝-8¾ per cent; one month 9 5/16-9 7/16 per cent; three months 9 9/16-9 11/16 per cent; six months 10 3/16-10 5/16 per cent; one year 10⅞-11 per cent. Long-term Eurodollars: two years 11¾-12 per cent; three years 12-12¼ per cent; four years 12¼-12½ per cent; five years 12½-12¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Little change

Trading finished on a quiet note in the London International Financial Futures Exchange yesterday with business finishing before the dollar's sharp fall later in the day. Consequently there was little reaction to comments made by Mr Paul Volcker, chairman of the U.S. Federal Reserve Board in front of the Senate budget committee. What he said had been widely anticipated but the market's late and sudden reaction had not and this caught a number of speculators on the wrong foot.

Sterling based contracts were hardly changed on the day with trading restricted to a narrow range and volume being comparatively low. There was no lead from cash rates which were static, reflecting sterling's adequate performance against the dollar.

Euro-dollar prices finished slightly down on the day after a dull start, influenced by a slightly firmer U.S. Federal funds rate. The June contract closed at 89.24 just above the day's low of 89.23 but down from Tuesday's settlement price of 89.26. It opened at 89.35 and touched a peak of 89.38.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.29	90.37	90.27	90.23
June	89.24	89.38	89.23	89.26
Sept	88.75	88.89	88.75	88.76
Dec	88.37	88.50	88.37	88.37
March	89.08	88.17	88.17	88.08

Est volume 6,520 (7,020)
Previous day's open int 16,224 (15,745)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
March	86.05	86.09	86.05	86.09
June	87.48	87.55	87.45	87.50
Sept	88.48	88.55	88.46	88.49
Dec	88.39	88.48	88.40	88.36
March*	88.30	—	—	88.30

Est volume 1,193 (1,583)
Previous day's open int 6,642 (6,663)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	103-26	103-30	103-19	103-22
June	104-18	104-23	104-07	104-13
Sept	106-05	—	—	106-00
Dec	107-12	—	—	107-07
March	107-01	—	—	106-28

Est volume 1,492 (1,363)
Previous day's open int 4,359 (4,849)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −8 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.0530	1.0571	1.0510	1.0590
June	1.0430	1.0480	1.0410	1.0480
Sept	1.0390	1.0435	1.0390	1.0450

Est volume 73 (934)
Previous day's open int 2,328 (3,096)

DEUTSCHE MARKS DM 125,0000 $ per DM

	Close	High	Low	Prev
March	0.2908	0.2920	0.2901	0.2924
June	0.2932	0.2952	0.2924	0.2950
Sept	0.2960	0.2973	0.2960	—

Est volume 243 (45)
Previous day's open int 277 (292)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3417	—	—	0.3427
June	0.3448	—	—	0.3463

Volume nil (1)
Previous day's open int 138 (138)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3818	0.3821	0.3818	0.3835
June	0.3850	0.3851	0.3850	0.3870

Est volume 255 (4)
Previous day's open int 212 (212)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	128.00	128.20	127.15	126.90
June	128.50	128.50	128.30	127.50
Sept	128.70	—	—	127.80

Est volume 293 (302)
Previous day's open int 1,679 (1,719)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	69-12	69-13	69-07	69-02
June	68-14	68-17	68-06	68-02

Est volume 1,518 (1,889)
Previous day's open int 2,038 (1,919)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-13	69-16	69-08	69-07
June	68-13	68-17	68-08	68-07
Sept	67-20	67-24	67-15	67-14
Dec	66-31	67-02	66-27	66-25
March	66-14	66-15	66-11	66-08
June	65-31	66-00	65-28	65-25
Sept	—	—	—	65-13
Dec	—	—	—	65-03
March	—	—	—	64-26
June	—	—	—	64-18

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	—	91.40	91.36	91.34
June	90.75	90.78	90.70	90.72
Sept	90.34	90.35	90.30	90.30
Dec	90.01	90.02	89.98	89.98
March	89.73	89.73	89.73	89.71
June	89.55	89.55	—	89.53
Sept	89.37	89.37	89.36	89.35
Dec	89.18	89.18	89.15	89.17

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.70	90.73	90.65	90.65
June	—	89.77	89.64	89.71
Sept	89.22	89.25	89.15	89.20
Dec	88.81	88.87	88.75	88.81

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.29	90.32	90.25	90.24
June	89.29	89.37	89.22	89.29
Sept	—	88.83	88.71	88.78
Dec	88.40	88.46	88.35	88.40
March	88.09	88.14	88.06	88.10
June	—	87.91	87.81	87.87
Sept	87.67	87.69	87.63	87.65

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.0570	1.0590	1.0510	1.0545
June	1.0470	1.0485	1.0410	1.0445
Sept	—	1.0450	1.0380	1.0410
Dec	1.0430	1.0440	1.0380	1.0405

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-15	69-16	69-14	69-11
June	68-24	68-25	68-19	68-19
Sept	68-01	68-01	67-28	67-28
Dec	—	—	—	67-09
March	—	—	—	—
June	—	—	—	66-06
Sept	—	—	—	65-23

MONEY MARKETS

London rates show little change

Sterling's relative stability produced a slightly more relaxed attitude in the London money market yesterday with three-month interbank money finishing at 14 per cent down from 14 3/16 per cent. Three-month eligible bank bills were bid at 13 13/16 per cent unchanged from Tuesday. Overnight interbank money opened at 14½-14¾ per cent and touched a high of 14¾ per cent before easing to 10 per cent as the Bank of England gave more assistance than the published shortage.

UK clearing banks base lending rate 14 per cent since January 28

The Bank of England forecast a shortage of around £650m, with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £252m and the unwinding of previous sale and repurchase agreements a further £267m. In addition Exchequer transactions drained £60m and there was a rise in the note circultion of £90m. On the other hand banks brought forward balances £15m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £135m and comprised purchases of £22m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent, £53m in band 2 (15-33 days) at 13¾ per cent, £51m in band 3 (34-63 days) at 13⅝ per cent and £9m in band 4 ,64-91 days) at 13½ per cent. Further assistance was given in the morning of £389m through purchases of £16m of eligible bank bills in band 1 at 13⅞ per cent, £47m in band 2 at 13¾ per cent, £35m in band 3 at 13⅝ per cent and £26m in band 4 at 13½ per cent. It also arranged sale and repurchase agreements on £265m of bills at 13¾ per cent, unwinding on April 1.

In the afternoon the Bank gave help of £22m, buying £18m of eligible bank bills in band 1 at 13⅞ per cent, £3m in band 2 at 13¾ per cent and £1m in band 3 at 13⅝ per cent. It also provided late assistance of £155m, making a total of £701m.

MONEY RATES

March 6	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.00-6.15	10⅝	2⅝-2⅞	7-7⅛	6.46875	15¾-16⅛	11.75	14⅝-14⅞
One month	6.15-6.35	10⅝-10¾	5 9/16-5 11/16	7⅛-7¼	6.53125	15⅞-16¼	10⅝-10⅞	14⅝-14⅞
Two months	6.20-6.40	10 11/16-10 13/16	—	—	—	—	—	14⅝-14⅞
Three months	6.30-6.50	10 11/16-10 13/16	5 11/16-5 13/16	7⅜-7½	6.34375	16-16⅜	10⅞-11⅛	14½-14¾
Six months	6.6-6.8	10¾-10⅞	—	7½-7⅝	—	—	11-11¼	14⅜-14⅝
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10⅛	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 6 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-14¾	14⅜-14½	13-14⅜	10¾-14¼	—	—	—	—	—
2 days notice	—	—	14¼-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14½	14¼-14½	14⅜	14	—	—	—	—	—
One month	14 1/16-14 3/16	14¼-14⅜	14¼	14⅛	13⅞	13¾	13½	13 13/16	13¾	14 5/16
Two months	14 1/16-14 3/16	14-14 1/16	14⅛	14¾	13½	13⅝	13⅜	13 11/16	13 11/16	14⅛
Three months	14-13⅞	13 15/16-14⅛	14	14¼	13¼	13½	13¼	13 9/16	13 9/16	14⅛
Six months	13 11/16-13 9/16	13 13/16-13 11/16	13½	—	—	—	—	12¾	12½	13⅜
Nine months	12⅞-12⅝	13-13 1/16	—	—	—	—	—	—	—	—
One year	12⅝-12⅜	12⅞-13 1/16	12⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅞-14	—	14 1/16	8.9-9.0	8⅝-8⅞	10-10 3/16
Two months	14½-14⅛	—	14 1/16	9.15-9.25	8⅞-9⅛	10 3/16-10⅜
Three months	14⅜-14	—	14	9.35-9.45	9 1/16-9 5/16	10 3/16-10⅜
Six months	13⅞-13½	—	13⅛	9.9-10.0	9 3/16-9 5/16	10¼-10 7/16
Nine months	13⅝-13	—	13 5/16	10.2-10.4	—	—
One year	13⅛-12⅞	—	13	10.6-10.8	9⅞-10⅛	10¼-10 7/16
Two years	—	12⅝	—	—	—	—
Three years	—	12⅛	—	—	—	—
Four years	—	12⅛	—	—	—	—
Five years	—	12⅛	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period February 6 to March 5 1985 (inclusive): 13.883 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from March 1, 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 13.4399 per cent. Certificate of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 14 per cent; one-three months 13¾ per cent; three-six months 13¾ per cent; six-nine months 13½ per cent; nine-12 months 13 per cent. Under £100,000 12 per cent from March 5. Deposits held under Series 5 13 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 6)

Three months U.S. dollars

bid 9 11/16	offer 9 13/16

Six months U.S. dollars

bid 10 5/16	offer 10 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9½
Fed funds	8⅞
Fed funds at intervention	—

Treasury Bills

One month	7.70
Two month	8.35
Three month	8.60
Six month	8.86
One year	9.04

Treasury Bonds

Two year	99 21/32
Three year	98 14/32
Four year	97 20/32
Five year	99 21/32
Seven year	98 4/32
30 year	95 21/32

Educational

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Professor Richard Portes

The course will deal with the theory, facts, history, problems and legacies associated with the rapid growth of sovereign borrowing in the decade since 1974.

The course will start on April 22 and runs for five weeks, 6-9 pm on Monday evenings.

For information phone 01-580 6622, Ext. 495, or write to BASE Office, Economics Department, Birkbeck College, 7-15 Gresse Street, London W1P 1PA.

Company Notices

TOKYO SANYO ELECTRIC CO., LTD.
(CDRs)

The undersigned announces that as from 13th March 1985 at Kas-Associatie N.V., Spuistraat 172, Amsterdam and at Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg, div.cp.no. 18 (accompanied by an "Affidavit") of the CDRs Tokyo Sanyo Electric Co., Ltd., will be payable with $1.46 net per CDR, repr. 100 shs. and with $14.60 net per CDR, repr. 1,000 shs. (div. per record-date 13.11.1984: gross Yen 4.50 p.sh.) after deduction of 15% Japanese tax =

Yen 67.50 = $0.25 per CDR, repr. 100 shs.
Yen 675 = $2.50 per CDR, repr. 1,000 shs.

Without an Affidavit 20% Japanese tax =

Yen 90 = $0.34 per CDR, repr. 100 shs.
Yen 90 = $0.34 per CDR, repr. 1,000 shs.

will be deducted.

After 30.06.1985 the dividend will only be paid under deduction of 20% Jap. tax with resp. $1.37 and $13.70 net in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 28th February, 1985.

Public Notices

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

The Monopolies and Mergers Commission invite views in connection with their current investigation into the proposed transfer of the newspapers of BPM Holdings plc to a subsidiary of Yattendon Investment Trust Limited.

Any person or organisation wishing to give information or views on the proposed transfer should write as soon as possible to: The Secretary, Monopolies and Mergers Commission, 48 Carey Street, London WC2A 2JT.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 6.

OVER-THE-COUNTER

Continued from Page 38

Indices

NEW YORK

CAPITAL MARKETS

Terms of Canada's $500m deal cheer Eurodollar market

BY MAGGIE URRY IN LONDON

CANADA gave the Eurodollar bond market something to cheer about yesterday – a $500m five-year issue generally agreed to be well priced. The issue, led by Deutsche Bank, has a 11½ per cent coupon and par issue price. Taking in the gross fees of 1⅞ per cent, the cost to Canada was 18 basis points above the yield on five-year U.S. Treasury issues.

It is thought that Canada will be using the proceeds to top up the country's dollar reserves following intervention in the foreign exchange markets to support the Canadian dollar.

The deal traded inside the total fees throughout the day, closing at around 98½. More optimistic traders hoped that the pricing would re-establish coupon levels in the market at the higher rate and allow further issues to be launched taking Canada as a benchmark.

No other new issues appeared, and the market's tone was firmer, with some buying interest seen in recent deals. The currency question is still keeping dealers very nervous, however, particularly when the dollar weakened late in the day after remarks by Mr Paul Volcker, chairman of the U.S. Federal Reserve.

After the famine of new straight issues in the D-Mark bond market, the Capital Markets Sub-committee set a new issue calendar yesterday totalling DM 1.2bn through six issues spread over the next five weeks. Although the amount is a little higher than many dealers hoped, the borrowers are generally good names likely to appeal to institutional investors. Bond prices fell around ⅛ point yesterday, with conditions described as still difficult.

The first issue on the calendar, for Inter-American Development Bank, was launched yesterday. It had been postponed on February 13 when the sub-committee called a halt to new deals. The eight-year bonds have an 8 per cent coupon and par issue price, perhaps a ⅛ point higher coupon than IADB might have paid if the original issue had come.

The bonds were trading around 98½, outside the 1¼ per cent selling concession. IADB is also expected to tap the European Currency Unit market today.

The Swiss franc bond market saw prices lower by up to ¼ point in places with turnover low.

The primary market is more cheerful now that the 6 per cent coupon level is firmly in place. Crédit Suisse fixed the coupon for the SwFr 80m 10-year issue for Imatran Voima, the Finnish electricity group, at that level, and it met a fair response.

A public issue for Sumitomo Heavy Industries from Swiss Bank Corporation (SBC), likely to be a SwFr 100m issue for 10 years with a 6 per cent coupon, and a SwFr 150m public issue for the European Investment Bank to be led by Kredietbank are also expected.

SBC launched a SwFr 30m convertible private placement for Hoxan, the industrial gases business, with an indicated 1⅞ per cent coupon and 5 per cent conversion premium for its five-year life.

UBS has arranged a SwFr 80m private placement for Copenhagen Handelsbank with a seven-year life and 6⅜ per cent coupon, with a par issue price.

BHF Bank bond average

March 6		Previous
100.088		100.329
High	1984/85	Low
103.042		96.056

D-MARK NEW ISSUE CALENDAR

Date	Borrower	Amount DM (m)	Lead Manager
March 6	IADB	250	Deutsche Bank
March 19	World Bank	300	Deutsche Bank
March 19	World Bank*	200	Deutsche Bank
March 25	Escom (South Africa)	150	Dresdner Bank
April 1	Asian Dev. Bank	200	Deutsche Bank
April 10	Renfe	100	WestLB

* Private placement. Next committee meeting April 12.